



NHS Shetland Annual Report and Accounts for the Year Ended 31 March 2024



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Annual Accounts and Notes for Year Ended 31 March 2024

Performance Overview Report

Section 1 - Chief Executive's Statement

It gives me great pleasure to compose the Chief Executive's statement on the Annual Accounts for the first time since assuming the role in July 2023. Despite 2023–24 being another challenging year, the organisation has made significant progress in establishing the conditions to become a sustainable health and care system. This progress is on top of the organisation's response to the ever-increasing challenges, which includes increased demand on our services and on the resource required to meet this demand. The biggest challenge we face is attracting and keeping a sustainable workforce with the appropriate skill sets to deliver the wide range of services NHS Shetland provides, both in the acute setting and within the community.

When I embarked on my new role leading NHS Shetland I set out my Chief Executive Priorities, which are to focus on eight key areas:

- Strategic Planning
- Workforce
- Valuing Staff
- Culture
- Sustainability
- Quality and safe service provision
- Technology and Digital Strategy
- Partnership Working

On reflection, it is important to note the organisation has progressed well within these eight key priority areas. The Board has spent the last nine months redefining its vision and strategic intent and this work has culminated in the approval of a new five-year [Strategic Delivery Plan](#):

- **Our Vision**

Everyone in Shetland can live well for longer, and easily access the support they need from us.

- **Strategic Intent**

To provide easy access to high quality, sustainable and person-centred care as close to home as possible and make a meaningful difference to the building blocks of good health in our communities.

The Board has also approved a [Digital Strategy](#), and a Financial Recovery and Sustainability plan. These strategies are interlinked and are concurrently being operationalised into delivery plans. The missing piece of the jigsaw from a strategy perspective is a workforce plan, which will be working upon in 2024–25 to address the

workforce challenges we are currently encountering. We then hope to see the delivery of these strategies help with sustaining our system over the next five to ten years.

Despite challenges, NHS Shetland managed to sustain good performance when benchmarked across NHS Scotland. Data from the hospital continues to show good integrated working across the Health and Social Care Partnership, which is improving the patient journey through our system. We have seen an improvement in delayed discharge instances, longer cases and bed days. Optimising the discharge process is allowing shorter stays in hospital, minimising risks to patients, while good communication, discharge planning and post-discharge support is maintaining low rates of emergency readmission.

Having remobilised elective services post-pandemic, local rates of activity have been maintained. Whilst operational pressures in partner boards have impacted on access to some investigations and treatments for our patients, where we are able to deliver these locally the Board is continuing to perform well, for example against the 31-day cancer target. Access to diagnostics has again remained above the national target, with more than 90% of people meeting the six-week target for eight key diagnostic tests. This is a really important step in being able to get the right treatment at the right time.

Mental Health services continue to see high levels of referrals, and CAMHS (Child and Adolescent Mental Health Service) and alcohol and drug treatment access times continue to meet targets, which is really positive for these groups who we know can really benefit from timely access to specialist support. While we have not met the Psychological Therapies waiting times target, access has improved year on year, as there has been more stability in the Psychological Therapies Team. The team is looking at options to work more closely with our regional colleagues to make the service stronger still and give better outcomes for our patients.

Our organisation has refocused on recruitment and retention and in particular the “grow your own” ethos across all roles. We have linked up strategically with employment partner [Developing the Young Workforce](#), which has helped us to expand our employer exposure and recruitment footprint within Shetland. We had over 20 services and related roles highlighted at a careers event in October, and we also had a presence at the apprentice event in February as we look to develop apprentice opportunities across NHS Shetland. Some of our teams have also visited schools, highlighting employment opportunities within our organisation.

Over the last year, we have tried to listen and understand about what matters to staff, both inside and outside of the working environment, to provide insight into how we can better retain our staff. We have heard about the challenges regarding accommodation and childcare. I have also tried to be a better communicator, for example with the Chief Executive Monthly Organisational Brief meetings for all staff, to ensure everyone is kept abreast of organisational developments, as well as the Keep Calm and Have a Yarn sessions to hear directly from staff regarding the challenges they are facing.

Our evolution to becoming a truly listening and learning organisation is underway, demonstrated by our adoption of the staff-led safe space called “Spaces for Listening”, as well as a change in our culture regarding reflecting our learning back into the

organisation. We have also progressed our “Leadership at all Levels” ethos, highlighted by the successful completion by two cohorts of the Leading Empowered Organisations course, as well as good representation on some of the national leadership development pathways. We have been successful in our application to be a demonstrator site in the Primary Care Phased Improvement Plan. This is an 18-month quality improvement project being undertaken in collaboration with the Scottish Government and Healthcare Improvement Scotland (HIS) to improve community access to pharmacy and primary care services across Shetland, and it links well with our locality-based approach to providing health and care.

From a capital investment perspective, we have had to pause the activity within our Programme Initial Agreement project, which had been considering the requirements of our health and care campus for the foreseeable future. The focus will now turn to ensuring we can sustain our real estate for the next 10 to 15 years. On a more positive note, we remain on track to deliver a functioning MRI (magnetic resonance imaging) scanner by the end of summer 2024. As we look ahead to 2024–25, we will continue to deliver against our key strategies to ensure our community can live healthier for longer, working with our partners and stakeholders to ensure NHS Shetland remains in the heart of our community, and that community remains at the heart of NHS Shetland.

Finally, I would like to focus on our staff who have worked tirelessly to support those for whom they care. To see how committed they are to supporting our community despite the challenges they face is humbling. On behalf of the Board, I would like to express my gratitude and appreciation to all our staff, partners, and stakeholders who have worked fantastically well to ensure the provision of high-quality health and social care to people in Shetland.

Brian Chittick,
Chief Executive, NHS Shetland



Section 2 - Overview

This overview will give the reader a summary of what an NHS Board does. It will also describe the nature of NHS Shetland, our purpose, the key risks to the achievement of our [objectives](#), and our performance during 2023–24.

• NHS Board Purpose

Shetland Health Board (“the Board”) was established under the National Health Service (Scotland) Act 1978 with responsibility for providing health care services for the residents of Shetland. NHS Shetland is the operating name of Shetland Health Board.

An NHS Board governs its own local health system. The Board is responsible for improving the health of its local population and delivering the healthcare that population requires. The overall purpose of the Board is to provide strategic leadership and direction, and to ensure the efficient, effective and accountable governance of the local NHS system.

Specific roles of the Board include:

- improving and protecting the health of the local people;
- providing an improved health service for local people;
- focusing clearly on health outcomes and people’s experience of their local NHS system;
- promoting integrated health and community planning by working closely with other local organisations; and
- providing a single focus of accountability for the performance of the local NHS system.

The work of the Board includes:

- strategy development - to develop an Operational Plan for the area;
- implementation of the Operational Plan;
- resource allocation to address local priorities; and
- performance management of the local NHS system.

• The nature of NHS Shetland

[NHS Shetland](#) is domiciled in Scotland and our [headquarters](#) location is Upper Montfield, 24 Burgh Road, Lerwick, Shetland, ZE1 0LA.

NHS Shetland and Shetland Islands Council (SIC) cover the same area and have the same boundaries, working jointly through our [Health and Social Care Partnership](#).

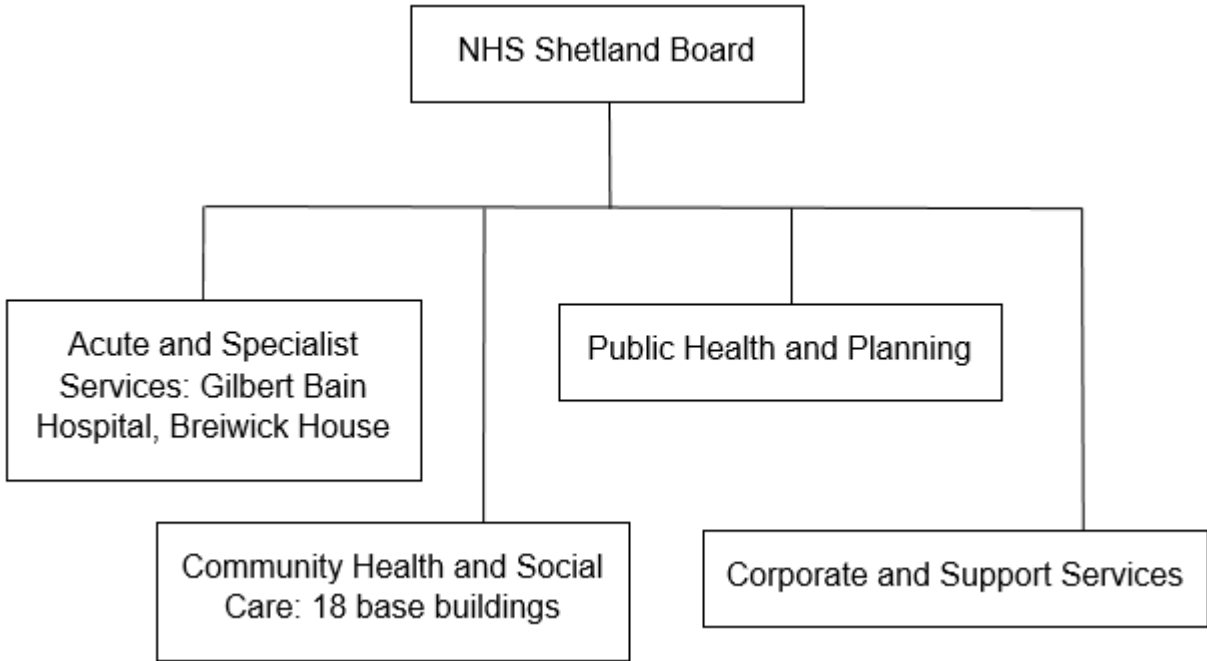
The map in Figure 1 below shows the Shetland Islands, which has a population of around 23,000 people, distributed across 16 of the 100 islands. These islands cover a land mass of 567 square miles. The North Sea surrounds the Isles that have a coastline 1,679 miles long.

Figure 1—Map of Shetland



Figure 2 below outlines a summary of NHS Shetland’s organisational structure. The detailed [organisational management structure](#) for NHS Shetland is available on our website, along with the [organisational governance structure](#).

Figure 2 - Diagram of NHS Shetland Summary Organisational Structure



NHS Shetland provides health care services from 21 sites across Shetland, including ten [Health Centres](#), Breiwick House, and Acute and Specialist Services from the Gilbert Bain Hospital, which is a remote and rural district general hospital in Lerwick. Table 1

below summarises key services delivered directly locally, as well as commissioned services from partners.

• **Table 1 - NHS Shetland at a glance**

Directly Provided Healthcare	Commissioned Healthcare Services
9 General Practitioner (GP) Practices with 22,028 registered patients	1 GP Practice with 823 registered patients
Community Healthcare Service	2 Ophthalmic Practices
Dental Services from 5 locations	1 Independent Contractor NHS Dental Practice
Gilbert Bain Hospital during 2023–2024 Acute and Specialist Services: <ul style="list-style-type: none"> • 9,271 in-patient bed-days • 2,149 day cases • 46,185 outpatients (10,951 new) • 46 births • 8,232 A&E (Accident and Emergency) attendances 	5 Pharmacy Contractors
	NHS Grampian - Acute and Maternity Services
	Golden Jubilee - Orthopaedic Services NHS Lothian - Acute Services NHS Greater Glasgow and Clyde - Acute Services
CAMHS , Breiwick House	NHS Tayside - Specialist Mental Health Services for Adults , and Young People
Adult Community Mental Health Service	NHS Grampian - Mental Health Services
Public Health	Tertiary Specialist Services

• **Summary of NHS Shetland Priority Outcomes in 2023–24**

The 2023–2024 Annual Delivery Plan (ADP) was submitted to Scottish Government in June 2023. Scottish Government formally approved the plan on 2 August 2023.

This was NHS Shetland’s strategy to address the “recovery and renewal” phase of the [Remobilisation, Recovery and Redesign Framework](#) for NHS Scotland. The ADP is centred on 10 recovery drivers, which have been developed by the NHS Scotland team and will form part of the planning guidance for the coming years, working towards sustainable delivery of healthcare that also improves population health and reduces health inequalities. The Board will also continue working in partnership with community planning partners to prioritise preventative work to reduce the burden of preventable poor health locally.

NHS Shetland engaged with the public on the key strategic issues through our [Programme Initial Agreement](#) (PIA) work in September 2023. The [PIA](#) sets out a deliverable, whole-system service and infrastructure change plan for the next 20–30 years, and brings together the ambitions of our [Clinical and Care Strategy](#) with a new [Property Strategy](#). In order to develop this Shetland-wide approach, the PIA includes

the [Gilbert Bain Hospital project](#) and an exploration of the needs of a number of localities and communities across Shetland.

Amongst the feedback in the PIA consultation, travel to Aberdeen was highlighted as a challenge, together with the provision of accommodation in Aberdeen.

As highlighted in the performance analysis, remobilisation and redesign brought services closer, to minimise the need for [travelling off island](#) for 2,229 patients attending out-patients, plus a further 312 patients who accessed the [visiting mobile MRI scanner](#). These are areas the Board is already seeking to address. The permanent community funded MRI scanner at the Gilbert Bain Hospital came one-step closer when the [building that will house the permanent MRI scanner](#) arrived on 28 February 2024. The MRI Scanner arrived in May 2024, with the opening date for the service planned for summer 2024.

Almost half of the comments from the PIA engagement highlighted areas to celebrate, including highlighting the service in [Primary Care](#) which was seen to have great staff and short waiting times. The Ask my GP and Video Conferencing services were seen as very good, offering the right support quickly and saving on travel time. A number of people highlighted the excellent service offered by the NHS, the hospital and staff in general.

Figure 3 - PIA Consultation Feedback – Areas to be Celebrated

PIA CONSULTATION FEEDBACK AREAS TO BE CELEBRATED



• Section 3 - Risk and Uncertainty

The Board’s risk management strategy sets out the principles and approaches to risk management, which are to follow throughout NHS Shetland. Every risk is assigned to a specific Governance Committee.

The Board and the Governance Committees have continued to monitor risk throughout 2023–24, with an [interim report](#) going to a Board meeting in December 2023 and a [further update](#) in April 2024. The Board reviewed the [Risk Management Summary Report for 2023–24 and work plan for 2024–25](#) at its April 2024 Board meeting.

• **Top Underlying Risks in NHS Shetland 2023–24 Strategic Risk Register**

The top risks in [NHS Shetland 2023–24 Strategic Risk Register](#), excluding finance, are summarised in Table 2 below. The principal recurring themes amongst these risks are:

- Workforce, SR08;
- Cyber security, SR17; and
- National Standard, SR13: Key Performance Targets ([Table 4](#) and [Performance Analysis Report](#)).

The [Strategic Risk Register SR02](#), in respect of the Board’s financial performance, is reviewed in Section 4 within the [Finance Performance review](#).

• **Table 2—Top Risks in NHS Shetland 2023–24 Strategic Risk Register**

Theme	Risk Description
SR08: Workforce - If we fail to attract and recruit to vacancies or retain essential skills and knowledge within the organisation	Then there will be a negative impact on the service delivery, existing staff and patients care. Resulting in: <ul style="list-style-type: none"> • reduction in services delivered; • increased workload of existing staff causing negative impact on staff well-being which may cause increased absences; • increased risk of poor patient experience and outcomes; and • increased reliance on agency or temporary staff causing increased cost that creates a short to medium term financial sustainability issue. Mitigation: Review and redesign the current workforce model. Looking at alternative delivery models and new ways of working. Staff recruitment website , review of our recruitment process and attempt to attract staff from overseas in-line with the rest of Scotland.
SR17: Cyber – IT (Information Technology) Failure Due to Cyber Attack	If a sole actor or orchestrated cyber-attack occurs, NHS Shetland could experience system downtime and/or loss of data and/or data disclosure. This could result in disruption to services caused by system downtime, risk of delays in treatment, risk to public reputation and significant financial costs for a full system recovery. Potential loss of internet cable to access system has occurred. Mitigation: Multiple layers of technical controls in place including anti-malware, firewalls, intrusion detection, access logging,

Theme	Risk Description
	encryption, web filtering, advanced threat protection, software patching. Cyber awareness communications, staff training to highlight security issues and national fraud concern warnings and our Information Governance Strategy .
SR13: Access to services	<p>If there are significant gaps due to recruitment, retention or funding there may be a negative impact on service delivery, existing staff and patient care, resulting in us failing to provide services due to sickness absence or failure to meet key national targets or access to local services.</p> <p>Mitigation: Waiting Times Group has governance in place to monitor national Treatment Time Guarantee breaches and react to identify remedial action to address issues. Board has oversight via performance scorecard reporting to Finance and Performance Committee and Board.</p>

- **Workforce is a recurring theme behind the top risks**

NHS Shetland’s workforce is a common theme in the Strategic Risk register. It is essential to have the right staff in the right place to meet peaks in demand, as well as to ensure continual sustainable service provision, which relates to the [fifth key objective of NHS Shetland](#).

The most significant risk to the delivery of quality patient-centred services, as well as the sustainable recurring financial balance of NHS Shetland, is the recruitment and retention of staff. Audit Scotland previously identified in [NHS Scotland workforce reviews](#) that NHS Shetland has the highest staff turnover rate at almost twice the Scottish average.

In 2023–24 although [staff turnover](#) was down on the 2022–23 high of 19%, it remains relatively high at 15%.

In contrast, [staff sick leave](#) continues to remain the lowest amongst the territorial boards, although it is above the Scottish Government target 4% absence rate.

Actions to address this key issue:

- Change of service models such as increasing the number of Advanced Nurse Practitioners and expanding digital innovation and modernising [practice websites](#) to support self-care;
Host remote and rural GP recruitment hub, [GP Joy](#) for bank GP staff across seven Boards. The use of staff outside the NHS standard terms and conditions on higher cost engagement has in part been mitigated by GP Joy as a direct engagement model via third party partner TempRE and engaging staff on flexible contracts or via staff bank has helped to mitigate these costs.
- Continued work with [Promote Shetland](#), Shetland Islands of Opportunity to highlight our unique opportunities, [NHS Shetland’s own website](#) innovations with staff testimonials in addition to the standard [NHS recruitment website](#); and

Although the [costs incurred in engaging staff outside standard NHS terms and conditions](#) fell by 20.4% in 2023–24, the excess costs are the principle risk for financial and clinical services’ sustainability.

Section 4 - Performance Summary Appraisal

• Financial Performance

The Scottish Government requires NHS Boards to meet three key financial targets:

- A Revenue Resource limit (RRL) - a resource budget for ongoing activity;
- A Capital Resource limit (CRL) - a resource budget for net capital investment; and
- A Cash Requirement - a financing requirement to fund the cash consequences of the ongoing activity and net capital investment.

Further details on non-core elements of expenditure, typically comprising items of a technical accounting nature, can be found in the [Summary of Resource Out-turn](#).

NHS Boards have a statutory requirement to contain their net expenditure within these limits. NHS Shetland’s out-turn for the year against these limits was as follows:

• Table 3 - Out-turn against net expenditure limits

	Limit as set by Scottish Government Health and Social Care Directorate	Actual Out- turn	Variance Under/(over)
	£000	£000	£000
Core RRL	79,418	79,418	0
Non-core RRL	2,813	2,813	0
Total RRLs	82,231	82,231	0
Core CRL	2,696	2,696	0
Non-core CRL	500	500	0
Total CRLs	3,196	3,196	0
Cash requirement	85,752	85,724	28
Memorandum for In Year Out-turn			£000
Core Revenue Resource Variance Surplus in 2023–24			0
Financial flexibility: Underspend from 2022–23			72
Underlying (Deficit)/Surplus against Core RRL			(72)
Percentage			(0.09%)

- **Financial plan 2023–24**

The original three-year financial plan submission to Scottish Government was sent on 16 March 2023. A revised follow-up three-year plan was submitted on 28 June 2023.

The revised three-year plan assumed the achievement of a break-even position over a three-year planning cycle. The plan assumed a deficit of 1.0% in 2023–24 in line with provisional permissible for flexible finances over a three-year period. The financial plan approval took place at the Board meeting on 22 June 2023.

Capital Resource Limit (CRL)

The Board’s net expenditure on capital assets during 2023–24 was £2.080m, for 2022–23, it was £1.680m.

This [out-turn](#) at £2.08m is equal to the approved CRL.

Summary Performance Overview against Key Non-Financial Targets




Information in the summary key non-financial report is at 31 March 2024 unless stated. The Board meeting on 25 June 2024 will receive the annual Performance Report with all the 2023–24 non-financial targets. The Board also receives quality reports regularly.

Table 4 below summarises the Board’s performance against the eight key indicators Audit Scotland reported upon before the Covid-19 pandemic in their Annual NHS Scotland report. The Board met four out of eight of these targets and further details are in the [analysis of the clinical key performance statistics](#) in the Performance Report.

Table 4 also highlights our key performance indicator target for staff and our partnership’s local performance on managing our joint objective to provide quality, effective and safe services, delivered in the most appropriate setting for the patient. Reducing delayed discharges is one performance measure that can be a key indicator for monitoring the interface between health and social care in ensuring right care in the right place at the right time.

Although the number delayed in both residents and beds occupied are lower in comparison to 2022–23, they are still higher than the optimum level.

- **Table 4 - Summary of Key Performance Statistics**

Compliance	National Target	2021–22	2022–23	2023–24	Movement
✘	18 weeks from GP referral to outpatient appointment and/or treatment	82.6%	87.1%	82.3%	
✔	The percentage of patients waiting less than six weeks for one or more of the eight key diagnostic tests	74.7%	91.0%	92.1%	
✘	Mental Health: 18-week referral to treatment for Psychological Therapies	50.0%	62.1%	78.5%	

<u>Compliance</u>	<u>National Target</u>	2021–22	2022–23	2023–24	Movement
✓	Mental Health: 18-week referral to treatment for specialist CAMHS	95.7%	82.1%	100%	↑
✓	31-day standard from decision-to-treat to start of treatment for newly diagnosed primary cancers	100.0%	100.0%	100.0%	↔
✗	62-day standard from receipt of referral to start of treatment for newly diagnosed primary cancers	86.5%	68.10%	71.2%	↑
✗	A&E discharged within four hours	97.6%	91.8%	86.6%	↓
✓	Drug and alcohol patients seen within three weeks	91.7%	95.6%	100%	↑
(1)	Delayed discharges - occupied bed days	981	1,803	1,272	↓
(1)	Delayed discharges - number of people waiting more than 14 days to be discharged from hospital into a more appropriate care setting, as measured on in-year " census dates "	8	43	31	↓
	Staff sickness absence rate	4.3%	4.6%	4.7%	↑

For all the clinical key performance indicators (KPIs) above, the compliance standard is 90%, except:

1. Those marked (1) Scottish Government have no specific compliance value set;
2. A&E and Cancer Access targets which are 95%; and
3. Staff-sickness absence rate is 4.0%.

Arrows indicate the direction the statistic is moving in. The key to colours is that green meets the standard, amber is within 10% of target and all others are red for failing to meet the target by more than 10%.

Section 5 Performance Analysis Report

• Objectives of NHS Shetland

During 2023–24, NHS Shetland has continued to focus on delivering the key [Board Objectives](#) prioritised in our ADP alongside focusing on addressing the significant continuing issues arising from the Covid-19 pandemic. These key objectives are to:

1. Continue to improve and protect the health of the people of Shetland;
2. Provide quality, effective and safe services, delivered in the most appropriate setting for the patient;
3. Redesign services where appropriate, in partnership, to ensure a modern sustainable local health service;
4. Provide best value for resources and deliver financial balance; and
5. Ensure sufficient organisational capacity and resilience.

• The first objective -“continue to improve and protect the health of the people of Shetland”

To address the first objective, NHS Shetland has been implementing a ten-year Public Health Strategy, which is intended to create a significant change in the health of the local population and tackle inequalities.

Some steps that have been taken as part of this strategy include:

- Using [feedback from patients and their families or carers](#) to learn from incidents and adverse events to inform service quality reviews;
- Working with NHS Grampian and the NHS Waiting Times Centre to improve pathways for patients referred to services off-island; and
- Using the [ADP](#) to identify priorities for improvements, such as:
 - Staff wellbeing;
 - Recruitment and retention of health and social care workforce;
 - Enhance planning and delivery of the approach to health inequalities;
 - Recovery and improving the delivery of planned care plans;
 - Urgent and unscheduled care;
 - Provision of services for older people;
 - Access to primary and community care to enable earlier intervention and more care to be delivered in the community;
 - Mental health support and services;
 - Supporting and improving Health and Social Care integration;
 - Cancer Action Plan;
 - Optimising the use of digital and data technologies in the design and delivery of health and care service for improved patient access; and
 - Climate emergency and environment.

- **The second, third and fifth objectives - “provide quality, effective and safe services, delivered in the most appropriate setting for the patient”, “redesign services where appropriate, in partnership, to ensure a modern sustainable local health service” and “ensure sufficient organisational capacity and resilience”**

NHS Shetland has been improving the efficiency of our services partly through redesigning them. This redesign includes activity, in line with our priorities, across three work streams:

- Whole Population
- Sustainable Services
- Organisational Issues

The NHS Shetland Clinical and Care Strategy aims to meet this priority through:

- Integration of services around the needs of local communities;
- Making sure the care provided in our NHS is the right care for an individual, that it works, and that it is sustainable; and
- Making best use of innovative technologies to improve access, promote person-centred care and reduce inefficiencies.

- **Investment in the Gilbert Bain Hospital**

The Gilbert Bain Hospital has been providing local access to Acute and Maternity Services in Shetland since it opened in 1961. The Board was continuing to progress through the NHS Scotland governance process for large capital expenditure programmes, and there was [high local media interest in this development](#). However, this has now been [paused due to constraints in the Scottish Government capital resource budget](#).

During 2023–24, the latest development at the Gilbert Bain Hospital was the creation of a [dedicated bereavement suite](#) for parents who have suffered an early pregnancy loss. NHS Shetland continued to invest in making repatriation of services to Shetland a high priority in 2023–24, to move services closer to home. This [saved a significant amount of money](#) but, more importantly, across 15 different pathways it has saved around 2,551 patients’ time and effort from not having to travel off island when they are not well. Among new local services, 2023–24 saw the [first coronary angiogram in Shetland](#). The new CT was scanner installed in 2021, and one of the most important new features of the equipment is cardiac scans. Over the past 18 months, there has been joint work with NHS Grampian to create a local angiography service.

[Investment linked to the repatriation of services](#) saw the MRI Scanner project commence with [£1.934m spent on the initial groundwork and building installation](#). Summer 2024 will see the first patients use this permanent service.

- **Collaboration with Shetland Islands' Health and Social Care Partnership**

During 2023–24, NHS Shetland has continued to work closely with Shetland Islands' Health and Social Care Partnership, which is commonly referred to in Shetland as the [Integration Joint Board](#) (IJB).

The IJB and NHS Shetland jointly agreed the [local Oral Health Strategy for 2023-2027](#).

SIC and NHS Shetland have delegated agreed services to the IJB. While carrying them out, the IJB is required to pay careful attention to:

- The [National Health and Wellbeing Outcomes](#);
- The integration delivery principles; and
- The needs of localities within Shetland.

Our joint vision is that that by 2025 everyone will be supported in their community to live longer, healthier lives and we will have reduced health inequalities.

- To prevent poor health and wellbeing and intervene at an early stage to prevent worsening outcomes;
- To reduce the avoidable and unfair differences in health and wellbeing across social groups and between different population groups;
- To demonstrate best value in the services that we provide and the ways in which we work;
- To shift the balance of care towards people being supported within and by their communities; and
- To meaningfully involve communities in how we design and develop service and to be accountable to their feedback.

You can find further information on [health and social care integration ongoing initiatives](#) and performance reports monitoring our shared delivery against our joint outcomes on the [Community Health and Social Care Partnership](#) section of the SIC website.

- **The fourth objective is covered in the analysis of financial performance section.**

Analysis of Financial Performance

- **Revenue Resource Limit (RRL)—2023–23 Performance Review**

The Board delivered a break-even out-turn against its RRL for 2023–24. This compares to a £0.072m underspend for 2022–23, which was carried forward and added to the Board's 2023–24 RRL. The Board's out-turn would have been £0.072m overspent if it had not benefited, non-recurrently, from this carry-forward.

- **IJB delegated budget**

Out-turn on services delegated to the IJB exceeded the original delegated budget set by NHS Shetland. However, the Board gave £1.347m in additional funds to bridge the gap in 2023–24 non-recurrently. The comparable figure was £3.058m in 2022–23 non-recurrently, so it decreased by £1.711m, 56%.

The IJB also carried forward £0.028m of resources originally allocated to NHS Shetland by the Scottish Government in 2023–24 for services delegated to the IJB. These funds are in respect of an underspend against the Intermediate Care Team due to vacancies.

- **Savings targets**

The Financial Plan for 2023–24 included a recurring savings target of £2.580m; equivalent to 4% of the Board’s opening baseline resource allocation. While this target may have been exceeded overall, there was some slippage in progress against the recurring target at year-end. £0.495m in-year recurring savings were delivered, an in-year achievement rate of only 19% of the overall target.

The full-year effect of the savings achieved was £0.514m, 20% of the target, with the consequence that a carry-forward recurring savings target of £2.066m has initially been included in the ongoing financial plan. The Board’s reserves are being reviewed, along with its ability to realise non-recurring savings recurrently in 2024–25, which should reduce the underlying deficit. Relevant figures are highlighted in Table 5 below, which highlights the Board’s track record in successfully achieving the total savings target, year on year, over the last five years, albeit with a reliance on delivering non-recurring savings to address the in-year gap.

The Board still carries an underlying recurring deficit in the resource budget for ongoing activities. At the close of 2023–24, this stood at £2.066m, an increase from £1.887m in 2022–23.

The Board’s underlying deficit has increased by 9% in the year.

- **Table 5 - NHS Shetland Track Record in Delivery Efficiency Savings**

Efficiency Savings	2019–20	2020–21	2021–22	2022–23	2023–24
	£m	£m	£m	£m	£m
Recurring	0.818	0.873	0.687	1.185	0.495
Non-Recurring	2.655	1.254	0.868	2.906	2.238
Net Total	3.473	2.127	1.555	4.091	2.733
Target	2.579	2.012	2.417	3.072	2.580
Surplus (Deficit) achieved	0.894	0.115	(0.862)	1.019	0.153

The off-island repatriation savings are now primarily classified as recurrent. There is a mix of established and new services. Table 6 below shows the value of savings these services achieved, in-line with [key objectives two and three](#). The stated savings reflect the net impact of a reduction in travel costs, offset by additional costs incurred locally.

• **Table 6 - Repatriation of Clinical Services Efficiency Savings Achieved**

Year	2020–21	2021–22	2022–23	2023–24
	£m	£m	£m	£m
Savings Delivered	0.40	0.46	0.51	0.58
Journeys avoided	1,328 trips	1,717 trips	2,588 trips	2,551 trips

In-year non-recurrent savings of £2.2m were achieved, as outlined in Table 5. These made a key contribution to addressing the gap in recurring savings in-year, as well as offset some of the additional staff costs incurred from using locums to cover vacant posts. These are a result of difficulties in recruiting permanent clinical staff. The cost pressures caused by these difficulties were principally in the following areas:

- GP vacancies at Board-run practices, £0.467m (£1.009m, 2022–23);
- Consultant Mental Health post, £0.391m (£0.419m, 2022–23); and
- Physicians and anaesthetists consultant vacancies at Gilbert Bain Hospital at £1.256m (£1.291m, 2022–23).

The overall total cost of locum and agency staff in 2023–24 was £6.479m, down from £8.136m in 2022–23. This is a between-year decrease in expenditure of £1.657m, 20.4%. The principle cause was the reduction in agency nursing costs by £1.165m, 52.6%. The use of agency GPs fell by 37.7%, accounting for £0.305m of this reduction.

Overall, the Board’s total pay costs decreased from £49.996m in 2022–23 to £49.386m in 2023–24. This was a fall in expenditure between years of £0.61m, down 1.2%. The primary causes were the reduction in temporary staffing costs and vacant posts held, as part of our non-recurring cost reduction programmes.

• **Financial plan—2024–25**

The Board’s Financial Plan for 2024–25 was submitted to the Scottish Government in March 2024. The Scottish Government approved this plan on 4 April 2024.

The Board recognises its statutory financial obligation under section 85 of the National Health Services (Scotland) Act 1978 to achieve financial balance at the year-end. There is now though flexibility to achieve financial balance over a three-year period.

The draft financial plan requires £3.482m in efficiency savings to be achieved in 2024–25 to address the recurring gap. In addition to that, non-recurring savings will need to generate to cover the additional excess cost of locum and agency staff. Detailed plans to deliver these and future savings through recurring and non-recurring actions is a continual cycle of development and review to deliver better outcomes through leaner delivery of services in line with the principle set out in the [Board’s Clinical and Care Strategy](#).

Management will ensure it takes significant and appropriate management action to achieve financial balance at 2024–25 year-end. Regular updates will be given to the Board on performance against the plan throughout 2024–25.

There is a significant degree of uncertainty in the Financial Plan for 2024–25. This is due to the overall position of public finances, economic conditions and how the Board manages our work force challenges highlighted in our [Strategic Risk Register](#).

The ongoing risk associated with the delivery of the Financial Plan has been logged within the Board’s [Strategic Risk Register as risk SR02](#).

Capital Resource Limit (CRL)

The [Board’s net expenditure on capital assets](#) during 2023–24 was £3.196m. The key components of the capital programme are set out below in Table 7.

• **Table 7 - Summary Outline of 2023–24 Capital Programme**

Project	Amount
	£m
Gilbert Bain Hospital, Medical Equipment	0.091
Building Works	0.055
MRI Scanner infrastructure	1.934
Gross Additions Total	2.080

The MRI Scanner Infrastructure represents the cost of the building that accommodates the new MRI scanner, which has recently been delivered. This expenditure has been capitalised as an asset under construction in 2023–24.

Statement of Financial Position

The Statement of Financial Position contains information about investments of £1.507m (2022–23, £1.437m) relating to NHS Shetland Endowment Funds and an interest of £0.480m (2022–23, £0.772m) in the IJB. These figures are included in the financial commentary below.

The Board’s net assets at 31 March 2024 stood at £32.931m. When compared with £30.797m at 31 March 2023, this represents an increase of £2.134m. As in previous years, the Board’s Statement of Financial Position at 31 March 2024 shows net current liabilities. The total at 31 March 2024 was £3.876m, which is a change of £1.454m from the previous year’s value of £5.330m. Despite the net current liabilities at 31 March 2024, and the inevitable challenges of the year ahead, the “going concern” basis of NHS Shetland remains appropriate on the basis of continued service provision. The Government Financial Reporting Manual (FRm) requires accounts to be prepared on a going concern basis unless there is an indication that the services are to cease.

At the end of the year, the Board carried three provisions totalling £2.181m for future liabilities (compared to £2.101m in 2022–23), as laid out in [Note 13](#).

Payment Policy

The Scottish Government is committed to supporting business by paying bills more quickly, aiming to pay all undisputed invoices within ten working days, across all public bodies. The statistics below, which relate to all suppliers, are calculated using “invoice received” date, as opposed to invoice date.

- In 2023–24 the average credit taken was 22 days (compared with 22 days in 2022–23)
- In 2023–24 the Board paid 87.93% by value and 88.73% by volume within 30 days (compared with 84.32% by value and 84.32% by volume in 2022–23)
- In 2023–24 the Board paid 77.36% by value and 79.21% by volume within ten working days (compared with 53.63% by value and 62.36% by volume in 2022–23)

Pension Liabilities

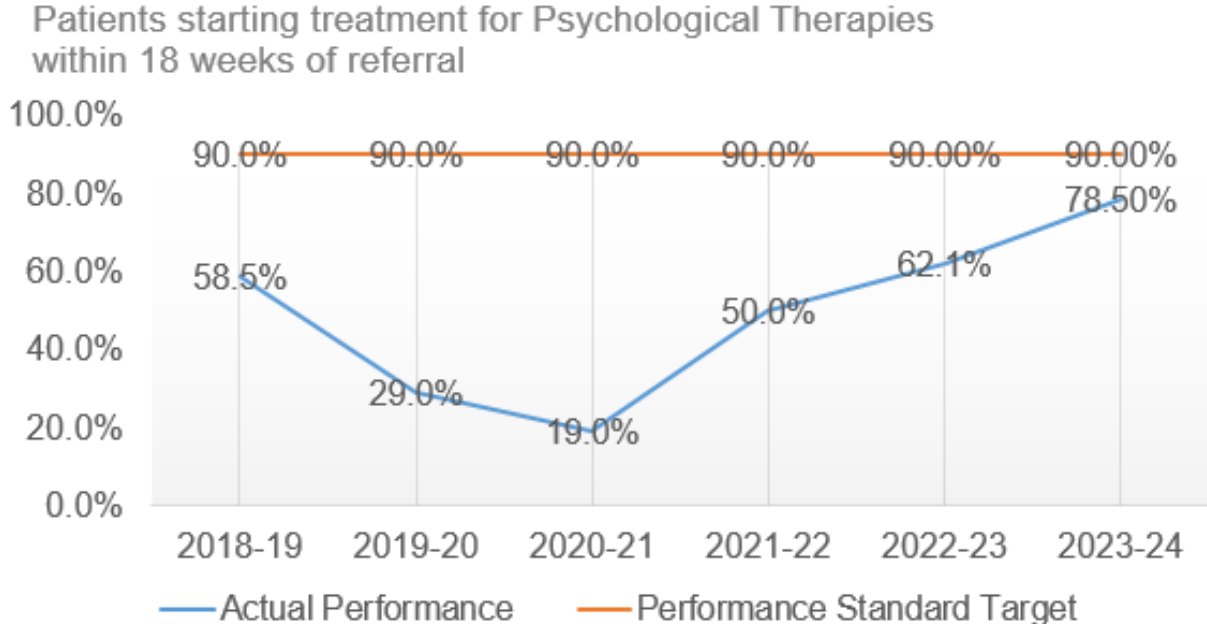
The accounting policy note regarding pension liabilities as well as disclosure of the costs are shown within the Staff Report, the Pension Report at [Note 18](#), and the Remuneration Report.

Analysis of the Clinical Key Performance Statistics

Mental Health

NHS Shetland has continued to build on its previous investment in the local Mental Health Service, although progress remains challenging. There are still ongoing difficulties in recruiting to all the substantive clinical staff posts within the service.

Figure 4 - Patients starting treatment with Psychological Therapies within 18-weeks of referral



As highlighted in Figure 4 above, local performance against the access to Psychological Therapies within 18-weeks of referral access target remains materially below the 90% performance standard. Sitting at 78.5% at the end of March 2024, this is another significant positive step to address access issues as it builds upon the prior out-turn position of 62.1%.

In 2023–24, two patients waited more than a year to access Psychological Therapies, with the longest wait at 74 weeks. However, both these statistics show a positive movement to 2022–23, when 16 patients waited over a year, with the longest wait at 80 weeks.

While the service has been impacted by Covid-19, Figure 4 shows the performance-trend over the last five years has been significantly below the 90% access target, but has shown positive improvements over the last three years. As part of the recovery plan, the Psychological Therapies team recruited additional staff, and the service is embedding new technologies for talking therapies.

NHS Shetland’s performance against the access target of 18-weeks referral to treatment for specialist CAMHS in 2023–24 met the standard, with a perfect 100% achievement rate across the year for this key performance indicator. In comparison to last year, 2022–23, this is an improvement in performance. In 2022–23, the standard was not met, as 82.1% patients were treated within 18-weeks across that year.

The average waiting period in 2023–24 was 7.3 weeks, with the longest wait being 17 weeks. This compares favourably to an average waiting period in 2022–23 of 12.2 weeks, with a longest wait of 39 weeks. At the end of March 2024, the longest wait on the waiting list was 16 weeks. This is both below the national target and the comparable end of March 2023 figure where the longest wait was 39 weeks.

Figure 5 - Patients starting treatment with CAMHS within 18-weeks of referral

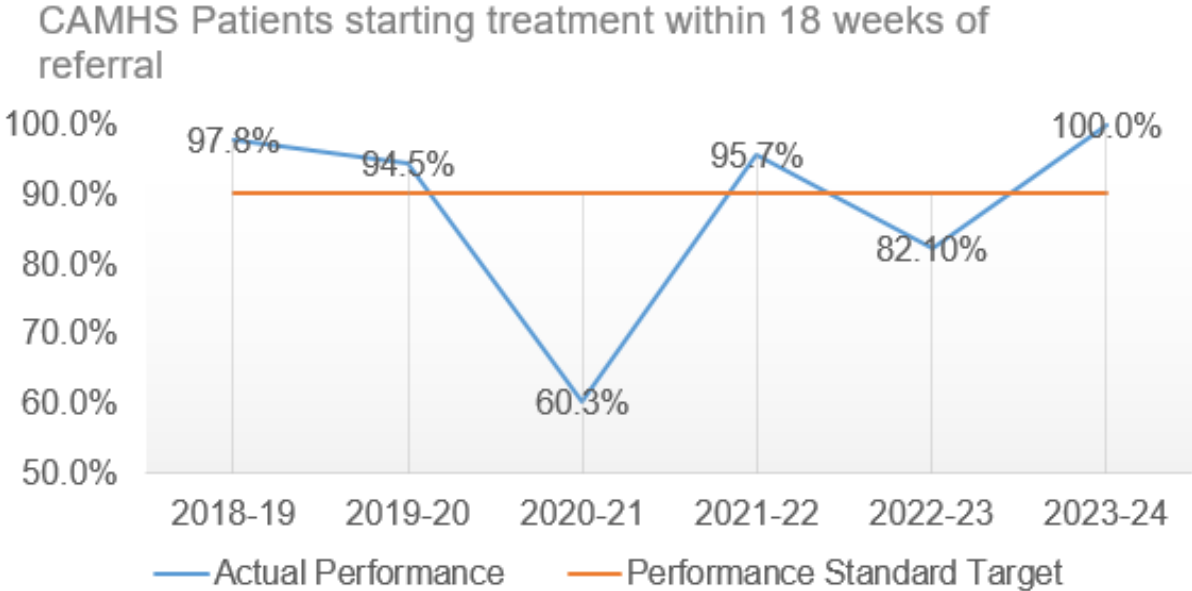


Figure 5 above illustrates the access target was only met in four of the last six years. We recognise ongoing issues with the fragility of Mental Health services, and we are continuing to strive to address this. Additional Scottish Government investment has been received to deliver the [Mental Health Strategy 2017–2027](#) with further future funds coming.

Delayed Discharges

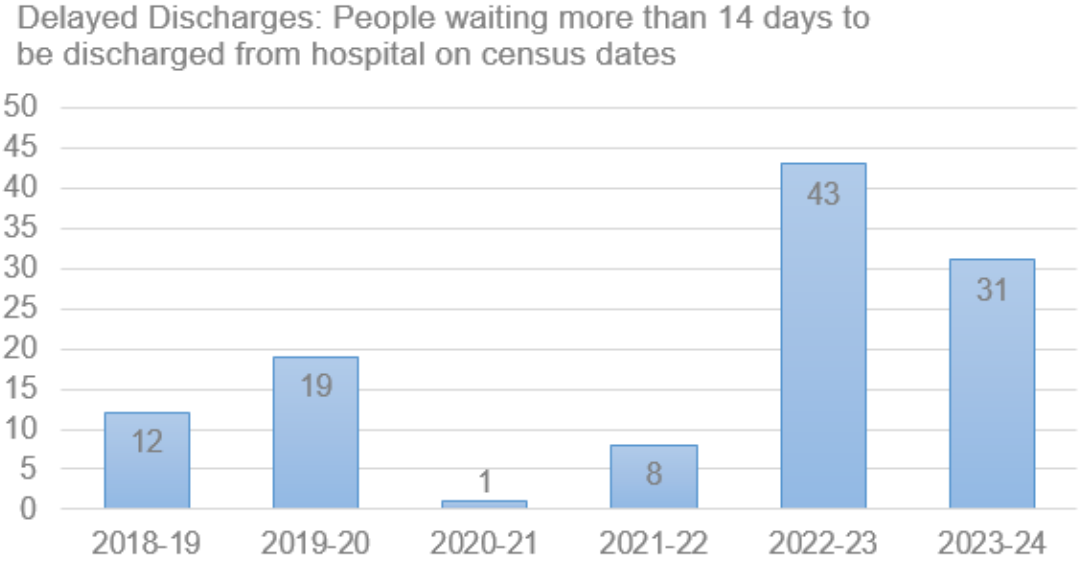
The number of patients delayed in hospital continues to be a focus of attention in pathway redesigns for a seamless transfer back to the most appropriate setting.

In March 2024, there was one patient in hospital as a result of delayed discharge, which is an improvement on March 2023 where there were two patients in hospital as a result of delayed discharge.

However, figure 5 shows there had been a significant increase in delayed discharges during 2022–23 compared to the previous four years, with the 43 cases in 2022–23 higher than the 40 cases of the preceding four years combined.

Our partnership work, with dedicated Social Work input to support the hospital working with the Intermediate Care Team in the community, is using integration funding to achieve our aim of seamless person-centred pathways to eliminate delays in care.

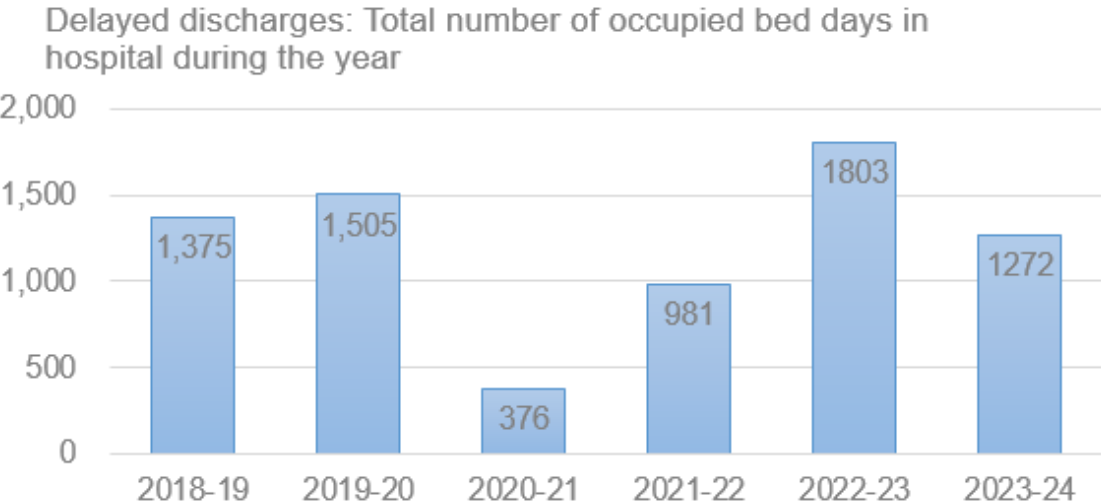
Figure 6 - Delayed Discharges: People waiting more than 14 days to be discharged from hospital, on census dates



Similar to the reduction in the number of patients subject to delayed discharge, the number of occupied bed days decreased by 29.5% in 2023–24 compared to 2022–23, as illustrated below in Figure 7. The chart also illustrates that on average during 2023–24; three beds a day were occupied, compared to an average of five a day in 2022–23.

Sustainably reducing delayed discharges is not driven by a desire to reduce delay-figures through rapid discharge, which could result in inappropriate residential care placements. Rather our strategy-driver locally is to get people back to the most appropriate community setting in line with our second key organisational objective: “provide quality, effective and safe services, delivered in the most appropriate setting for the patient.”

Figure 7 - Delayed discharges: Total number of occupied bed days in hospital during the year

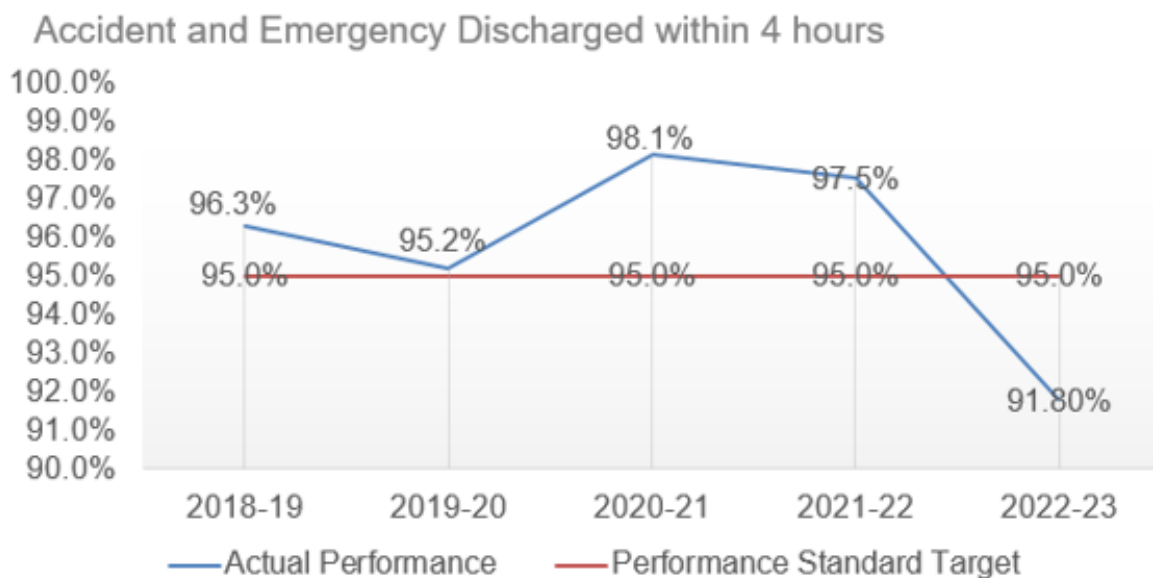


Unscheduled Care

For the first time since the statistic was introduced in 2022–23, NHS Shetland did not meet the target of discharging, or admitting to a ward, 95.0% of patients attending A&E within four hours. Over the course of the year, only 91.8% of attendances met the standard. Unfortunately, in 2023–24 that position has not reversed, as only 86.6% of attendances met the standard. The 95.0% target was not met in any month during 2023–24, and only three months reached 90.0% or better.

In 2023–24, NHS Western Isles was the only Board to meet the 95.0% target. The Scottish average achievement rate was 69.0%.

Figure 8 - A&E Discharged within 4 hours

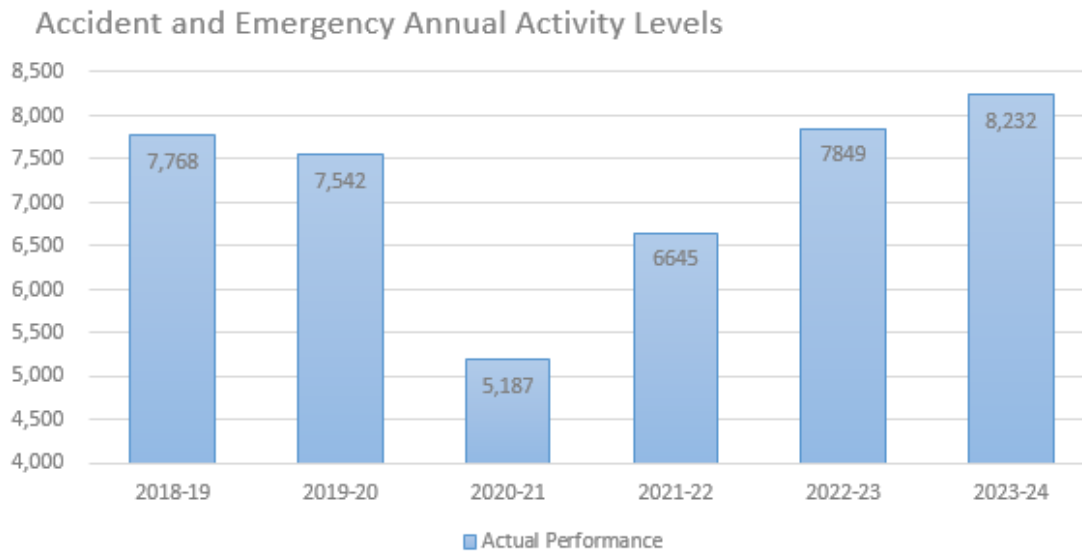


One of the initial impacts of the Covid-19 pandemic was a reduction in A&E attendance, in line with the rest of Scotland and the United Kingdom. However, as highlighted in Figure 9 below, in 2023–24 that activity is now back to pre-pandemic levels. A&E attendance activity increased 4.9% in 2023–24 compared to 2022–23, and activity in 2023–24 is now 6.0% above 2018–19 levels, the last full year where activity was unaffected by Covid-19.

Part of the overall activity at A&E comes from tourists, visiting commercial shipping vessels, and air ambulance transfers from North Sea platforms. This accounted for 921 attendances in 2023–24, 11.2% of overall activity. In comparison, in 2022–23 there were 844 such attendances, 10.8% of overall activity.

In respect of those that attended A&E in 2023–24, only 19.8% were admitted to hospital, compared to a Scottish average of 24.6%. In 2022–23, 21.8% of those who attended A&E were admitted to hospital, against a Scottish average of 24.4%.

Figure 9 - A&E Annual Activity Levels



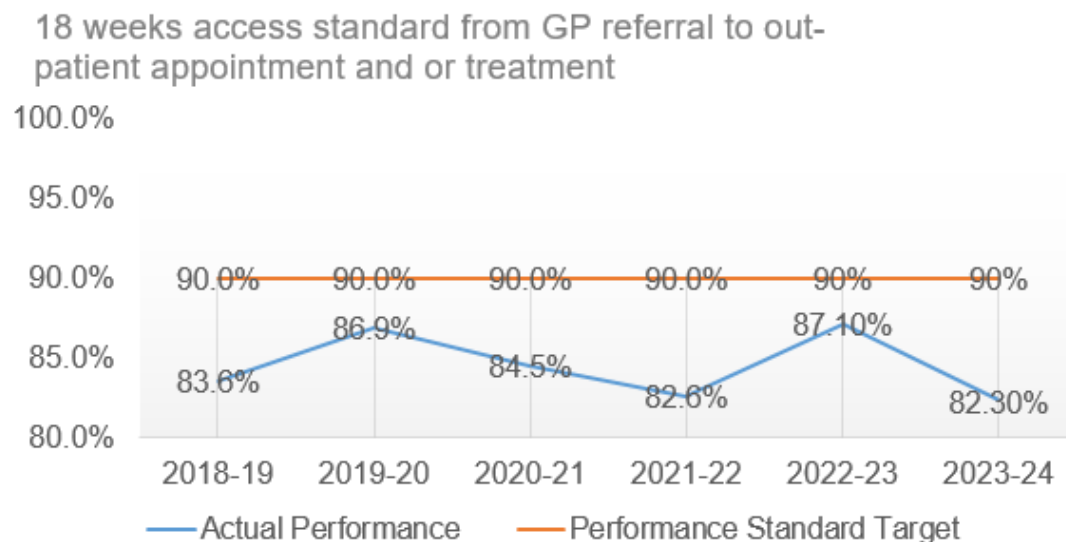
• **Waiting Times Targets - Secondary Care**

Figure 10 below illustrates the Board has not achieved the 18-week access standard from GP referral to outpatient appointment and/or treatment in Shetland over the last five years, averaging around 84.7% against the 90% performance standard.

In 2023–24, no Board in Scotland met this target and, at 82.3%, Shetland had the best performance out of all 14 territorial boards. In 2022–23, no Board in Scotland met this target, and Shetland had the second best performance out of all Boards, at 87.1%.

Sustainably reducing delayed discharges is not driven by a desire to reduce delay-figures through rapid discharge, which could result in inappropriate residential care placements. Rather our strategy-driver locally is to get people back to the most appropriate community setting in line with our second key organisational objective: “provide quality, effective and safe services, delivered in the most appropriate setting for the patient.”

Figure 10 - 18-week access standard from GP referral to outpatient appointment and / or treatment in Shetland



In 2023–24, the 90.0% target was not achieved in any month, with June 2023 seeing the best performance at 87.6%. This compares negatively to the prior year, 2022–23, when this target was met twice, with July 2022 at 91.2% being the best performance. Our lowest month for achievement in 2023–24 was February 2024, at 71.0%. In comparison to 2022–23, September 2022 at 79.8% was the lowest.

Performance in meeting the 95% target of a first outpatient appointment within 12 weeks has been the primary issue in not meeting the 18-week access standard.

The struggle to meet the 12-week access target to first outpatient appointment has meant NHS Shetland has also been unable to meet the Referral to Treatment Target (RTT) in a number of specialities. This is largely due to our reliance on visiting services, and has in turn influenced our overall performance against the RTT. In 2023–24, only 73.6% of new outpatient appointments met the standard. This performance is down on the 2022–23 achievement rate of 77.5%. In both years, Shetland had the second highest achievement rate in comparison to other territorial Boards.

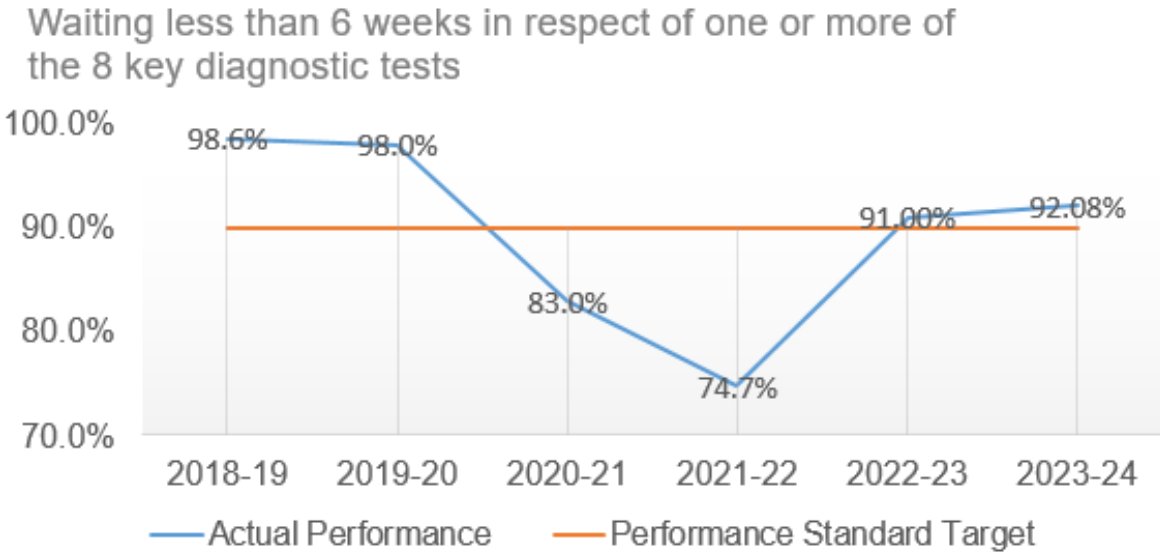
At year-end, the Board’s performance against the 12-week target for outpatients in 2023–24 deteriorated in relation to 2022–23, with 592 outpatient appointments waiting longer than 12 weeks at 31 March 2024, compared to 405 at 31 March 2023.

In 2023–24, Ear Nose and Throat cases accounted for the greatest proportion of those waiting, with 32.9% of these delays, 195 cases. This compares to only 17.3% of delays, 70 cases, from Ear Nose and Throat appointments in 2022–23.

In 2022–23, Orthopaedics accounted for most of the delays at 24.2%, 98 cases. However, in 2023–2, Orthopaedics accounted for only 16.6% of delays, with 98 cases.

For new outpatient cases, 267 patients had been waiting longer than 26 weeks for their first appointment as at 31 March 2024, an increase of 110.2% from the 127 patients waiting over 26 weeks at 31 March 2023.

Figure 11 - Waiting less than 6 weeks in respect of one or more of the 8 key diagnostic tests



As highlighted in Figure 11, the Board maintained compliance in 2023–24 with the standard for patients to wait less than six weeks for one or more of the eight key diagnostic tests, at 92.1%. It only failed to meet this target during the pandemic.

At 31 March 2024, the number of patients waiting longer than six weeks stood at 34, a slight increase on 32 at 31 March 2023. However, the total number of diagnostic tests undertaken increased by 41.3%, from 3,736 in 2022–23 to 5,278 in 2023–24.

The cancer targets require 95% of patients to start cancer treatment within 62-days of referral with suspected cancer, and for patients diagnosed with cancer to receive their first treatment within 31-days of the “decision to treat”.

Figure 12 - Cancer: 62-day standard from referral to start of treatment for newly diagnosed primary cancers

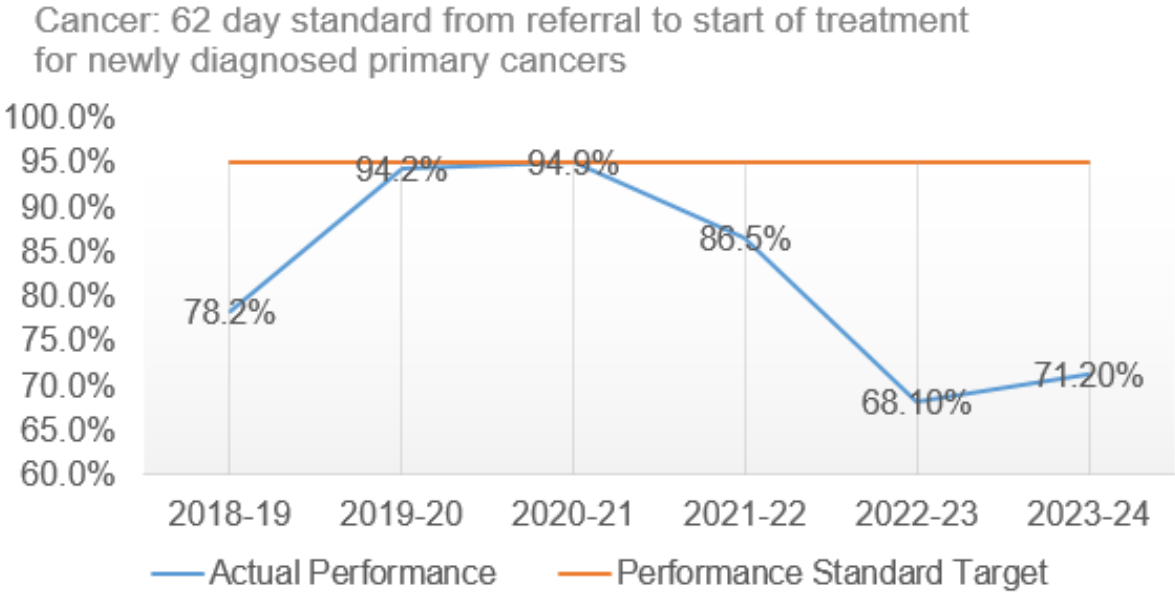


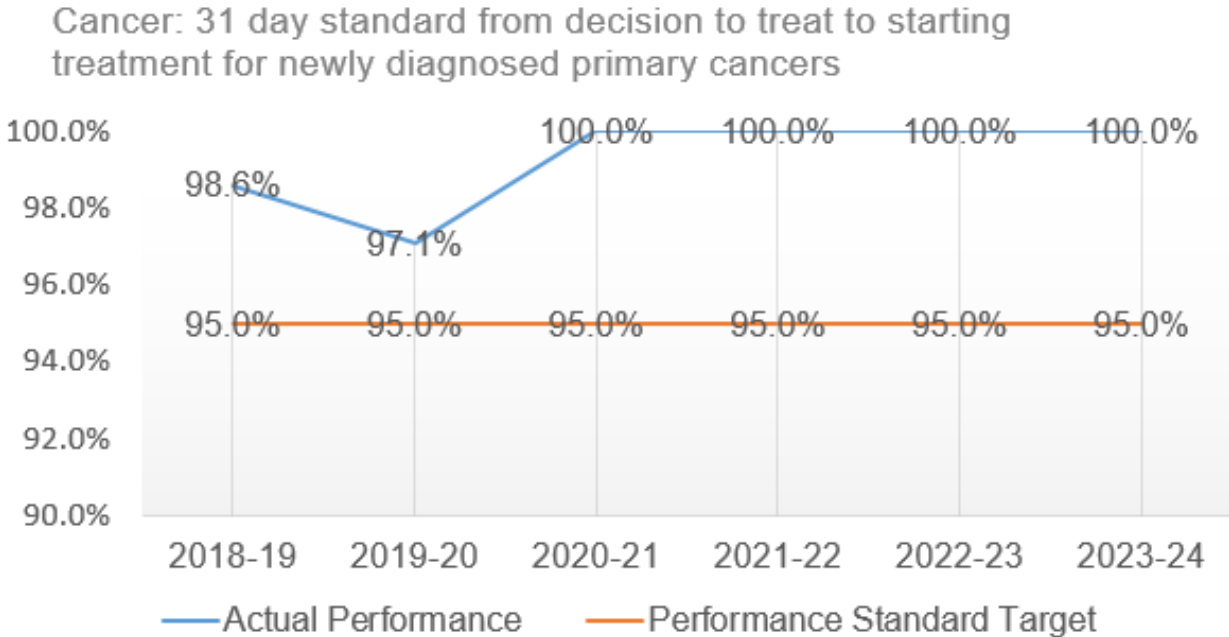
Figure 12 above shows the Board’s joint cancer pathways with NHS Grampian did not maintain 100% compliance with the 62-day treatment target in any year over the last six years. In 2023–24, performance was still significantly below the target as 15 patients’ treatment-time wait exceeded the 62-days target. This is a slight improvement in comparison to 2022–23, when 22 patients’ treatment-time wait exceeded the target.

A principal factor behind the non-compliance was access to diagnostic services provided by NHS Grampian, which is working to improve patient flow in this pathway for all the Health Boards they manage.

However, regarding the 31-day cancer treatment target, Figure 13 below shows NHS Shetland’s joint pathway with NHS Grampian has consistently maintained full compliance over the last six years.

The 31-day performance standard over the last four years has seen every patient’s treatment plans meet the standard with 100% achievement rate.

Figure 13 - Cancer: 31-day standard from decision to treat to starting treatment for newly diagnosed primary cancers



NHS Shetland is actively participating in the Detecting Cancer Early Programme. The Board continues to actively manage its general waiting times and cancer targets, and is working closely with NHS Grampian to reduce delays and improve access.

While overall the Board continues to have some of the best access-target performance across Scotland, we recognise we will continue to experience risks in sustaining performance, particularly where individual visiting services have staffing issues.

Work continues to make all pathways sustainable, as well as to address the additional requirement to work through the backlog.

The Board’s access performance is publicly available throughout the year.

The most up-to-date selected statistics and summary information can be found on NHS Scotland’s [NHS Performs website](#), while the [Public Health Scotland website](#) publishes all national performance measures in more detail. Public Health Scotland also publishes 100 [open data sets](#) which give access to statistics and reference data for information and re-use, under Open Government Licence.

Analysis of other important Non-Financial Indicators

Primary Care

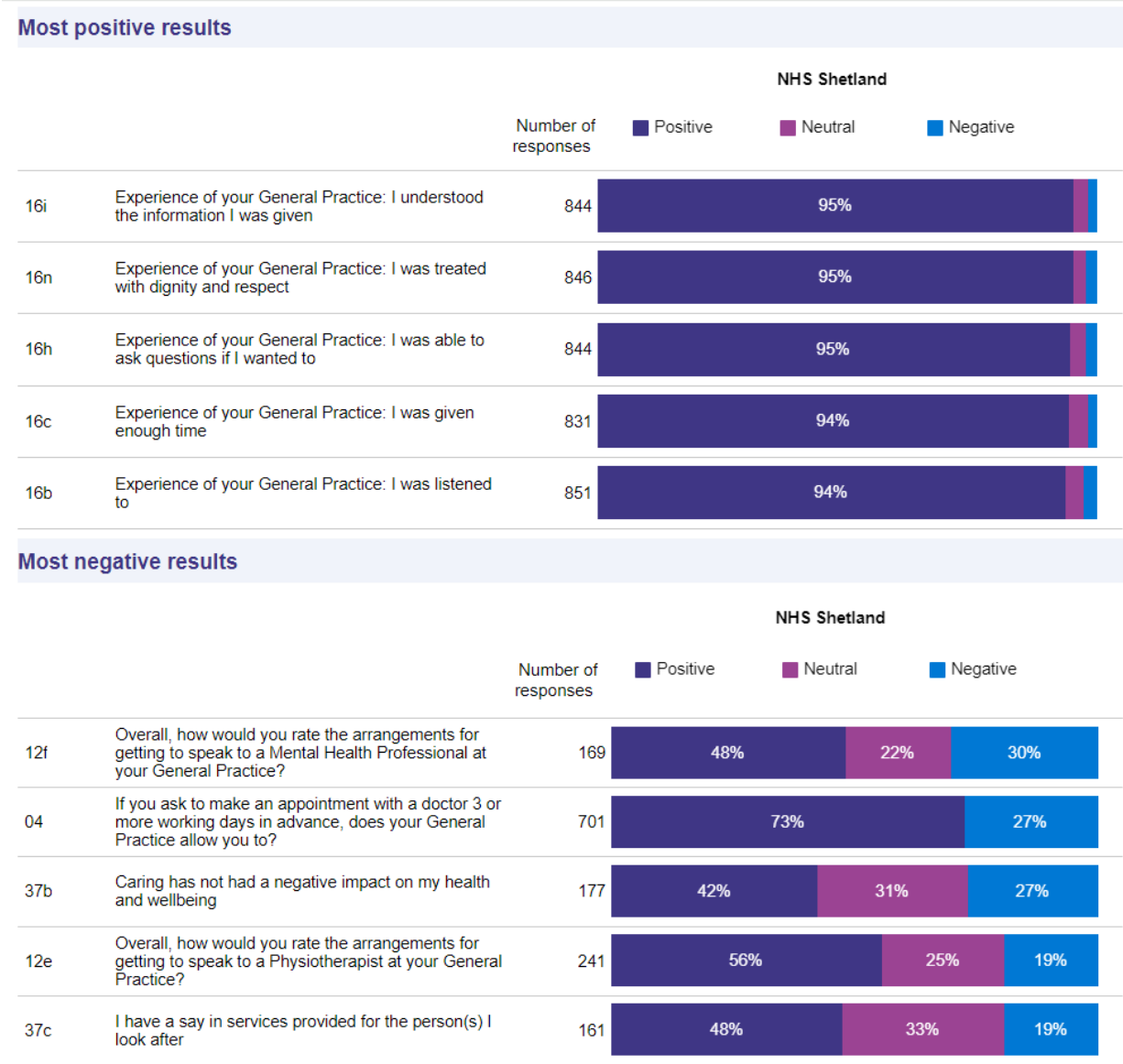
The Scottish Government Health and Care Experience survey takes place every two years. The survey asks about people’s experiences of accessing and using General Practice care. The latest survey took place in November 2023, and the results are available on the [Public Health Scotland website](#).

In Shetland 3,599 survey forms were issued with 1,063 responses. This response rate at 29.5% was higher than the Scottish average of 20.4%.

The overall feedback in responses was generally positive. An extract from the website at figure 14 below shows the five most positive and five most negative responses. In

respect of the top five, all were higher than 94%. In the top five negative scores one of these include a positive result of 73% on doctor appointment three or more days in advance. Only four questions in the latest survey had a positive value under 50%.

Figure 14—Extract from Health and Care Experience Report published by Public Health Scotland showing “Most positive and negative experience ratings” related to GP Services



NHS Shetland is directly responsible for operating nine out of ten local practices. There are currently a number of vacancies in these practices, resulting in the use of temporary staff. The independent practices are also facing [recruitment challenges](#).

Primary Care Improvement funding from the Scottish Government initiative is supporting the redesign of local services to improve access and quality of service provision across the isles. In line with the new GP contract, the purpose of this initiative is to create a focus on sustainable multi-disciplinary team working.

Public Health including Health Improvement and Tackling Health Inequalities

Teams within the Public Health directorate continue to co-ordinate and deliver health protection, population health, and health improvement functions. These include

preventing and controlling communicable diseases, vaccination programmes, population screening, behaviour change and preventative services, strategic planning, business continuity planning and resilience work, and collaborative working with community planning partnership and other partners.

In terms of healthcare public health, we led the development of three Managed Clinical Networks (on frailty, cardiovascular, and respiratory) with a strong focus on prevention and adhering to the principles of Realistic Medicine.

- **Good Mental Health for All**

[Good Mental Health for All](#) is a multi-agency project that aims to develop a refreshed mental health and wellbeing strategy for Shetland. During 2023, as its first phase, the project undertook an engagement exercise and published an evidence base. The next phase will be to use this evidence to develop an outcomes-based Good Mental Health for All Strategy, with a priority focus on higher prevalence areas, early intervention, health inequalities, and mental health throughout the course of life.

- **Vaccination and Immunisation**

Vaccination is one of the most effective public health interventions to prevent ill health and premature mortality. The Public Health and Vaccination Teams are responsible for the co-ordination of multiple population vaccination programmes. The following programmes were delivered during 2023–24: Spring Covid-19, [Autumn/Winter flu and Covid-19](#), pneumococcal, shingles, baby and pre-school immunisations, human papilloma virus (HPV) teenage boosters and meningitis vaccinations in schools, bacille Calmette-Guerin (BCG) for high risk individuals, pertussis for pregnant women, HPV, mpox, and hepatitis vaccination in the sexual health clinic, and occupational vaccinations.

Uptake of Covid-19 vaccination during the Autumn/Winter programme was 62.8% (56.6% for Scotland) among all eligible groups. Flu vaccination uptake for adults was 59.1% (53.7% for Scotland).

NHS Shetland commenced a rolling audit of pre-school vaccination uptake in order to ensure accurate recording and proactively offer catch up vaccinations, including measles, mumps and rubella (MMR) vaccinations.

Further work was also undertaken to look at inequalities in screening, including close working with the Learning Disabilities Team and exploring health literacy.

- **Health Improvement Programmes**

During 2023–24, the Health Improvement team [launched](#) the new [Healthy Shetland website](#), and continued its work throughout Shetland to improve the health and wellbeing of individuals or communities. A key theme is enabling and encouraging healthy choices, as well as addressing underlying determinants of health such as poverty, housing, working conditions, educational opportunities, and life and work skills.

During 2023, staff undertook a review of services through the ‘trauma-informed lens’ to support trauma-informed practice. There has been further work publicising and producing bespoke reports from our [population health survey](#), which will form the foundations for the production of a local population health needs assessment.

Behaviour change and preventative work has continued through delivery of the [Quit Your Way](#) service, [Counterweight](#) and [HENRY](#) programmes, along with [awareness-raising campaigns](#) and community activities.

Further information on Public Health activity is available through the [Public Health Annual report 2022–23](#), including details on our actions to tackle inequalities locally. The report also focuses on climate change, which cuts across all our areas of work, both within the Health Board and working with partners, including on a [Shetland Climate Change Strategy](#), and raising awareness of the health impacts of climate change.

In respect of inequalities, the Board discussed and approved the [Shetland Public Protection Committee Annual Report 2022–23](#), the [Shetland Children’s Partnership Plan 2023–26](#) and Shetland’s fifth [Annual Child Poverty Action Report](#).

Health inequalities worsened considerably during the pandemic and continue to do so, as highlighted in the [Population Health Survey](#). [Money Worries sessions](#) were delivered locally in partnership with [Citizens Advice Bureau](#). Work continues with our partners on the [Annual Child Poverty Action Report](#), and reducing inequalities and inequity in the population.

Infection Control

Healthcare Associated Infection (HAI) reports are presented at each [Board meeting](#). Work to prevent HAI, including Staphylococcus aureus bacteraemia, Clostridium difficile (C.diff), and E Coli Bacteraemias continues, with local surveillance and monitoring of every individual case both in hospital and in the community. Regular reports to the Board also include audit-compliance performance data, highlighting trends in hand hygiene, cleaning, and estates monitoring.

Overall, the data demonstrates a high standard of infection prevention and control in NHS Shetland, with a strong audit programme demonstrating compliance to national standards. The positive [Healthcare Environment Inspectorate inspection reports](#) across the years reflect this diligence. In 2023–24, however, no external audit was undertaken by [HIS](#).

Sustainability and Environmental Reporting

The Climate Change (Scotland) Act 2009 originally set out measures the Scottish Government would adopt to reduce emissions in Scotland by at least 80% by 2050. The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019 amended this longer-term target to net-zero by 2045, five years in advance of the rest of the UK. In 2020, “The Climate Change (Scotland) Amendment order” came into force to reflect this, and it now requires NHS Boards to report on progress in delivering emissions reduction targets.

All designated Major Players (of which NHS Shetland is one) are required to submit an annual report to the Sustainable Scotland Network, detailing compliance with the climate change duties imposed by the Act and the Amendment order. The information returned by the Board is compiled into a national analysis report, published annually, superseding the prior requirement for public bodies to publish individual sustainability reports.

Further information on the Scottish Government's approach can be found in the [Climate Change Plan 2018–2032](#), while national reports can be found on the [Sustainable Scotland Network website](#).

In meeting our sustainability obligation, NHS Shetland engaged with specialist consultants to develop an [NHS Shetland Net Zero Route map](#) to achieve the current Scottish Government targets. The Board's route map:

- sets out NHS Shetland's baseline impact-assessment on the environment at 4,163 tonnes of carbon dioxide equivalent (tCO₂e);
- identifies actions to take to meet its mandatory sustainability targets;
- notes roughly 48% of emissions are associated with patient transport; and
- explains the [replacement of the Gilbert Bain Hospital](#), which accounts for roughly 30% of emissions, is a key factor in achieving its targets.

Although the Scottish Government announced a pause in major capital expenditure, the Board believes this to be merely a [delay](#) and there is still [commitment](#) to a new facility.

NHS Shetland is using the [NHS Scotland Climate Change Adaptation Assessment Tool](#) to assess the risks and produce an Adaptation Action Plan. This created our Climate Change Risk Assessment submission to Scottish Government.

The Board is committed to sustainability and reducing its impact on the environment, as originally laid down in the Scottish Health Technical Memorandum 07–02 and the recent amendments to this that change the baseline to 2018 and shorten the timeframe to complete the targets. In line with this, the Board has taken the following actions:

- Continued to implement our [Sustainability and Environmental Management Policy](#) with a sustainable development action plan;
- Nominated a Green Champion, Board Chair Gary Robinson;
- Working in partnership with ZetTrans on progressing a local [sustainable transport strategy](#) for Shetland [in consultation with the community](#);
- Reducing our local residents' carbon footprint by more than the nationally-set target of reducing patient travel emissions when accessing health services by 20% 2030, through:
 - reducing patients' flights off-island via [repatriation schemes](#);
 - increasing the use of e-technology or telephone to deliver consultations;
 - using GP portals in several practices to reduce the need to visit physically; and
 - the modernisation of Loganair airplanes to ATR-72 models, which the airline has advised now emit 25.6% less CO₂.
- Continued the use of the Shetland Heat Energy and Power (SHEP) district heating system at Gilbert Bain and Montfield accommodation, Lerwick Health Centre, and Breiwick House, minimising CO₂ emissions from heat energy;
- Significantly [increased the number of electric vehicles in the Board fleet](#), with 100% of fleet cars, and 69% of light commercial vehicles, electric powered, which, alongside staff travel off-island also benefiting from the modernisation of

Loganair airplanes, will meet the nationally set target of a 20% reduction in staff travel emissions by 2030;

- Given staff access to a car salary-sacrifice scheme, allowing them to upgrade their personal vehicles to lower-emission or zero-emission models, helping lowering our grey fleet impact on the environment;
- Given staff access to an [Eco Energy salary sacrifice scheme](#), allowing them to upgrade their home-heating systems to sustainable options, helping reduce energy consumption and its impact on the environment;
- Maintained a fleet of 12 electric bicycles located across Shetland, promoting the principles of active travel for staff business-travel;
- Promoted a cycle-to-work salary sacrifice scheme; and
- Entered an unsuccessful local submission to access the [Scottish Central Government Energy Efficiency Grant scheme](#), to address local investment in renewable heat technologies and energy efficiency across all our buildings.

At 31 March 2024, 91% of NHS Shetland's permanent fleet vehicles run on electricity. The Board aims to reach 100% by 31 December 2025.

NHS Shetland has an established Environmental and Sustainability Group, Waste Group, Transport Group, and Energy Group, with identified leads. It is also developing an Energy Policy collaboratively with the NHS North Energy Group, which involves five other Health Boards.

Highlights of some other significant events and achievements at NHS Shetland during 2023–24

- **Excellence in Care Awards 2023–24**

An [annual presentation and celebration of some of the best improvement work](#) undertaken by NHS Shetland teams during the past year [was held on Friday 8 March 2024](#). Staff presented eleven projects to their colleagues, the Board, and the judging panel for the annual celebrating Excellence in Care Awards, 2023–24.

A diverse panel of judges chose winners in five categories: prevention, person-centred care, innovation in practice, practice education, and the impact of partnership working.

[Chair of the judging panel Anne Armstrong, Deputy Chief Nursing Officer for Scotland, said](#) those presenting and the teams that they represented “demonstrated a very high calibre of improvement work which deserves to be shared nationally to spread new ways of working and good practice. The panel wanted to convey to everybody that what was presented was outstanding. What really shone through was the focus on putting the patient and their families at the centre of care and how that had such a positive impact on the quality of the patient's experience and the quality of their care.”

- **Staff Nurse Lois Gaffney wins RCN Scotland Student Nurse of the Year Award**

[Staff Nurse Lois Gaffney won Student Nurse 2022](#) at the RCN Scotland Nurse of the Year Awards held in Edinburgh in June 2023. Lois Gaffney won the prestigious [Student](#)

[Nurse 2022 award](#) in recognition of the work she has undertaken to encourage others to take up nursing as a career in a remote and rural setting.

- **Supporting parents and carers of children with Autism**

[CAMHS has successfully started a programme that supports parents and carers](#) of children and young people aged 5-18 who have a diagnosis of an Autism Spectrum Condition (ASC), or who are on the ASC pathway for assessment.

The Cygnet group, which is [a parental support programme created by leading children's charity Barnardo's](#), was piloted over a two-month period, with the last session taking place in June. Due to the positive feedback and high demand, a second group started the programme in September 2023.

Figure 15 - participants in the Cygnet group programme



- **Da Sletts Path Shelter**

The Health Improvement Team led [a project to install a shelter of four brightly coloured upturned boats](#), [based on the 'Shetland Maid' boat-type](#), along the Sletts. They provide a scenic resting stop on the path behind Lerwick Health Centre for patients, staff, and the public to use.

Figure 16 - Board Chair Gary Robinson with Health improvement Practitioner Kathleen Anderson inside Da Sletts Path Shelter



- **Living Well Hub opened in Bressay**

The [Living Well Hub](#) is designed to build on local initiatives, combining what is already working, making connections within and across health, community and social care, joining up good practice, and strengthening common sense, empowerment and trust. The expansion of the initiative saw [a third hub open in June 2023, in Bressay](#).

- **Dental Students Outreach Clinics**

For the first time, [NHS Shetland Dental Service welcomed visiting students from the University of Dundee Dental School](#). As part of undergraduate training, all dental students must undertake care at outreach centres, to increase their experience and provide treatment in a setting other than the dental school.

This initiative not only provides treatment for the community, but also [introduces dental students to Shetland](#), potentially enticing them to return in future to take up jobs and improve dental service provision.

Events after the end of the reporting year

None.

Section 6—Approval and signing of the Performance Report

Brian Chittick

Signed by Brian Chittick, Chief Executive as Accountable Officer

25 June 2024

The Accountability Report

Corporate Governance Report

Directors' Report

- **Date of Issue**

The Accountable Officer authorised these audited accounts for issue on 25 June 2024 as that was the date the accounts were approved by the Board.

- **Appointment of auditor**

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who will audit each Scottish health body. For the financial years 2022–23 to 2027–28, the Auditor General appointed Audit Scotland to audit NHS Shetland.

- **Board membership**

Board membership	
Executive Board Members	Position Held
Brian Chittick [from 1 July 2023]	Chief Executive
Michael Dickson [until 30 June 2023]	Chief Executive
Kirsty Brightwell	Medical Director
Kathleen Carolan	Director of Nursing and Acute Services
Colin Marsland	Director of Finance
Lorraine Hall	Director of Human Resources and Support Services
Susan Laidlaw	Director of Public Health
Non-Executive Board Members	Position Held
Gary Robinson	Chair
Natasha Cornick	Vice Chair
Jane Haswell [until 5 May 2023]	
Lincoln Carroll	
Colin Campbell	
Joseph Higgins	Whistleblowing Champion
Kathy Hubbard	
Gaynor Jones [from 6 November 2023]	

Board membership	
Stakeholder Non-Executive Board Members	Position Held
Amanda McDermott	Chair, Area Clinical Forum
Bruce McCulloch	Employee Director
Emma Macdonald	Local Authority Representative

Under the terms of the Scottish Health Plan, the Health Board is a board of governance, and its membership will be conditioned by the functions of the Board.

Members of Health Boards are selected on the basis of their position or the particular expertise that enables them to contribute to the functions and decision-making process at a strategic level and reflects the partnership approach that is essential to improving health and healthcare.

The Health Board has collective responsibility for the performance of the local NHS system as a whole and the partnership approach, which is essential to improving health and health care.

The Board Members' responsibilities in relation to the accounts are set out in a statement following this report. The terms "Board Members" and "Directors" are interchangeable in this report.

The names and positions of the Board Members are set out above.

- **Board Members' and senior managers' interests**

Details of any interests of board members, senior managers and other senior staff in contracts or potential contractors with the Health Board as required by IAS 24 are disclosed in [note 20](#). A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available for inspection at the Board's Headquarters, Montfield, Burgh Road, Lerwick, ZE1 0LA or [on the Board's website](#).

All Directors appointed by the Cabinet Secretary (shown in the [Remuneration Report](#)) are also Trustees of the NHS Shetland Endowment Fund, the accounts of which are consolidated into these accounts.

Directors' third party indemnity provisions

The Board has not provided a qualifying third-party indemnity provision for any of its Directors at any time during the financial year 2023–24 (nor were any provided in 2022–23).

- **Remuneration for non-audit work**

Audit Scotland did not undertake any non-audit work for the Board in 2023–24 (nor in 2022–23).

- **Value of Land**

The value of land owned by the Board is included at current market value, with details provided in [Note 7a](#).

- **Public Services Reform (Scotland) Act 2010**

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 imposed duties on the Scottish Government, as well as listed Public Bodies, to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year. NHS Shetland has met the requirements of the Public Services Reform (Scotland) Act 2010. You can find the [relevant documentation](#) on NHS Shetland's external website.

- **Personal data related incidents reported to the Information Commissioner**

During 2023–24 there were five cases reported to the Information Commissioner's Office (ICO). In comparison, there were five cases reported to the ICO during 2022–23.

The Board continued its education programme to increase organisational awareness of, and response to, the requirements of the Data Protection Act 2018. The ICO concluded no further action was necessary in all cases. They made recommendations for improvements to procedures and, in cases involving human error, highlighted the importance of ensuring staff training was effective and up-to-date.

- **Disclosure of Information to Auditor**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Board's auditor is unaware; and each Director has taken all the steps that he or she ought reasonably to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Board's auditor is aware of that information.

- **Financial instruments**

Information regarding the Financial Risk Management Objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in [Note 19](#).

The Statement of Accountable Officer's Responsibilities

Under Section 15 of the Public Finance and Accountability (Scotland) Act, 2000, The Principal Accountable Officer of the Scottish Government has appointed me as Accountable Officer of Shetland NHS Board.

This designation carries with it responsibility for:

- the propriety and regularity of financial transactions under my control;
- the economical, efficient and effective use of resources placed at the Board's disposal; and
- safeguarding the assets of the Board.

In preparing the Annual Report and Accounts, I am required to comply with the requirements of the Government's Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed and disclosed and explain any material departures;
- prepare the accounts on a going concern basis;

I confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced, and understandable.

I am responsible for ensuring proper records are maintained and that the accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officers letter of July 2023.

The Statement of Board Members' Responsibilities

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2024 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

- apply on a consistent basis the accounting policies and standards approved for the NHS Scotland by Scottish Ministers;
- make judgements and estimates that are reasonable and prudent;
- state, where applicable, accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

The Health Board Members are responsible for ensuring that proper accounting records are maintained which disclose, with reasonable accuracy at any time, the financial position of the Board and enable them to ensure that the accounts comply with the National Health Service (Scotland) Act 1978 and the requirements of the Scottish Ministers. They are also responsible for safeguarding the assets of the Board and hence taking reasonable steps for the prevention of fraud and other irregularities.

The NHS Board Members confirm they have discharged the above responsibilities during the financial year and in preparing the accounts.

Governance Statement

Scope of Responsibility

As Accountable Officer I am responsible for maintaining an adequate and effective system of internal control that supports compliance with NHS Shetland's policies and promotes achievement of NHS Shetland's aims and objectives, including those set by Scottish Ministers. I am also responsible for safeguarding the public funds and assets assigned to NHS Shetland.

My accountability arrangement, with respect to the Scottish Government Health and Social Care Directorate (SGHSCD), is as set out in the extant guidance and includes full responsibility for all governance arrangements as well as the performance of the Board. This performance is formally reviewed by the Scottish Government on a yearly basis via the [Annual Review](#) process. In addition, a number of other external scrutiny arrangements are in place including ongoing scrutiny of a range of quality and service issues by [HIS](#) and other bodies. During 2023–24, however, there were no formal external reviews other than the [annual Network and Information Systems regulations 2018 audit](#).

Purpose of the System of Internal Control

The System of Internal Control is based on an ongoing process designed to identify, prioritise, and manage the principal risks to the achievement of NHS Shetland's policies, aims, and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. The System of Internal Control is designed to manage rather than eliminate the risk of failure to achieve NHS Shetland's policies, aims and objectives. As such, it can only provide reasonable and not absolute assurance.

The process within NHS Shetland accords with guidance from the Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance and has been in place for the year and up to the date of approval of the Annual Report and Accounts.

The SPFM is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary, and administrative requirements, emphasising the need for economy, efficiency, and effectiveness, and promotes good practice and high standards of propriety.

Strategic Framework

NHS Shetland Board has approved a 2025 Vision when agreeing the Shetland Islands Health and Social Care Partnership: [Joint Strategic Commissioning Plan 2022–25](#) (JSCP). The 2025 Vision sets out its aim that by 2025 everyone is supported in their community to live longer, healthier lives and we will have reduced health inequalities.

The Board's five corporate objectives are:

1. continue to improve and protect the health of the people of Shetland;

2. provide quality, effective and safe services, delivered in the most appropriate setting for the patient;
3. redesign services where appropriate, in partnership, to ensure a modern sustainable local health service;
4. provide best value for resources and deliver financial balance; and
5. ensure sufficient organisational capacity and resilience.

The delivery of these objectives is normally set out in three key planning documents.

One: NHS Shetland's [Annual Delivery Plan](#) sets out intended actions and the risks associated with delivering key national targets. It is signed off by the Scottish Government.

Two: The Board has agreed in partnership with SIC and IJB agreement on the local [JSCP](#). This is now the key strategic document of the IJB and acts as the strategic planning document for all health services including those directly managed and commissioned by the Health Board. The Board, SIC and IJB are jointly working to a shared vision and objectives for Health and Social care services in Shetland.

Three: Discussion began at the December Board meeting on [NHS Shetland Strategic delivery plan for 2024-29](#), which aligns with national strategic direction and outlines the proposal for achieving the Organisation's vision and strategic intent. The Strategic Delivery Plan builds on existing work and documents, including the [Clinical and Care Strategy](#), the [JSCP](#), the [Shetland Partnership Plan](#), and the [Shetland Children's Plan](#).

In recent years, planning has been focussed on the shorter term, and aligning to Scottish Government requirements, particularly while navigating the Covid-19 pandemic and recovery period, shaped by the [NHS Scotland Recovery Plan 2021-26](#).

The [Annual Delivery Plan](#) represents a step change, moving towards longer term, Shetland-focussed planning.

Finally, NHS Shetland, together with its partners in the Shetland Partnership, works to deliver Shetland's Local Outcome Improvement Plan. This describes the key actions that we deliver in partnership to improve the overall delivery of services and quality of life and outcomes in Shetland as set out in the Community Plan. The Board approved the [Local Outcomes Improvement Plan 2018–2028](#) in June 2018.

Progress against each of these plans is monitored by the Board on an ongoing and regular basis through our performance monitoring framework.

Governance Framework

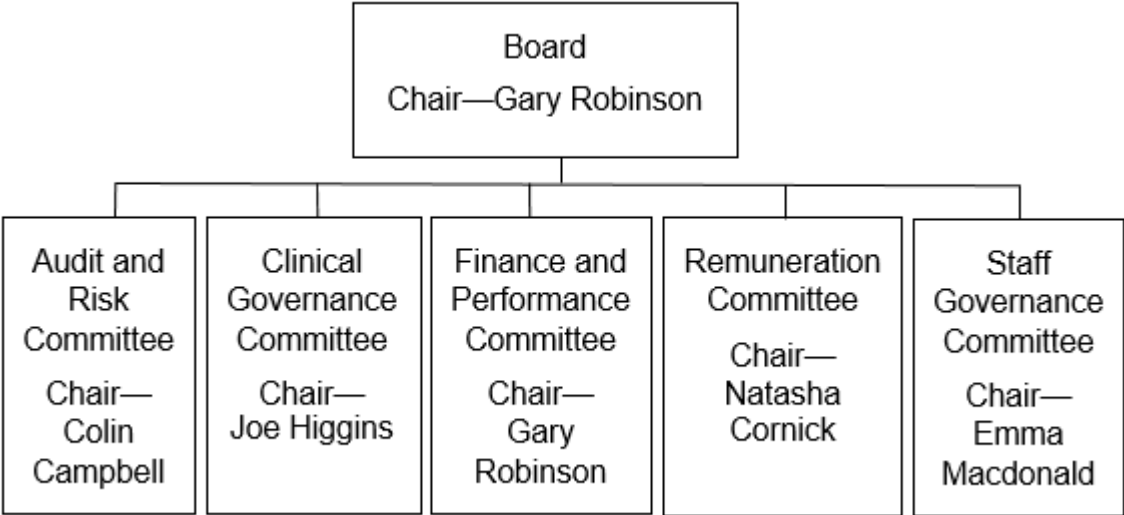
Under the terms of the Scottish Health Plan, 2000, an NHS Board is a Board of Governance. Its purpose is to ensure the efficient, effective, and accountable governance for the local NHS system and to provide strategic leadership and direction for the system as a whole, focusing on agreed outcomes.

The Board's governance framework includes the committees outlined on pages 40–44 of the Accountability Report, plus the Risk Management Group (RMG). The Board outlines the remit, role and responsibilities of these committees in the [Corporate Governance Handbook](#). The Board's high-level governance structure is outlined in

figure 17 below. An [organisational governance chart](#) showing groups that provide assurance to these committees is available on the Board’s website, along with the [management reporting structures](#).

The Board met five times in public during 2023–24 (2022–23, five times) and all the [reports and minutes](#) considered by the Board are publicly available on the Board’s website.

Figure 17—Diagram of High Level Board Governance



At each normal public Board meeting the Board fulfils its performance management role by receiving and scrutinising reports on the Quality Strategy (including patient experience feedback), Service Performance (including national and local targets), and Financial Performance. The Chairs of the Board’s Governance Committees present the Board with minutes from their Committee meetings and provide verbal escalation reports to make the Board aware of any control issues that merit its attention.

A number of revisions to the Corporate Governance Handbook were agreed during 2023–24 as the governance committees reviewed their respective terms of reference.

Corporate Governance

In line with Scottish Government policy, the Board had the following standing committees in 2023–24:

- Clinical Governance Committee (CGC), previously known as Clinical Care and Professional Governance Committee;
- Audit and Risk Committee;
- Endowment Committee;
- Finance and Performance Committee (FPC);
- Staff Governance Committee;
- Remuneration Committee;
- General Medical Practitioners Committee; and

- Reference Committee (for Primary Care contractors).

The Board's Corporate Governance handbook also refers to the relationship with the IJB that came into its full duties on 20 November 2015.

2023–24 saw some turnover in non-executive directors, as outlined in the [Board membership table](#) above. Information on further review and updating of some [committee memberships](#) is available on the Board's website.

The functions of the Board's committees are detailed below.

- **Clinical Governance Committee (CGC)**

The CGC has two key roles:

- applying the principles and standards of clinical governance to the health improvement and health protection activities of the Board; and
- ensuring appropriate mechanisms are in place for the effective engagement of representatives of patients and clinical staff.

The membership of the CGC includes five non-executive Board Members and was chaired in 2023–24 by Joe Higgins. The Committee met four times during 2023–24.

- **Audit and Risk Committee**

The Audit and Risk Committee comprises four non-executive Board Members and is chaired by Colin Campbell. The committee's primary function is to provide the Board with assurance that adequate control systems are in place to manage governance effectively. The committee met five times during 2023–24 to consider all aspects of control. It met five times in 2022–23.

As part of the committee's approach to continuous development and improvement, the business plan includes three development training sessions to inform members' understanding of nominated topics, and address identified gaps in training. In 2023–24 these training sessions were organised in conjunction with the Audit Committees of NHS Western Isles, NHS Highland, and NHS Orkney.

The committee receives and discusses reports from internal and external audit bodies and scrutinises the Annual Report and Annual Accounts in detail on behalf of the Board. The committee received five Internal Audit reports in 2023–24 on Payroll, Retention, Internal Communications, Cyber Security, and IT Stock Control, with 21 management actions arising in these reports. Seven of these actions are graded as high risk, and three are graded as very high risk.

The committee agrees the Annual Internal Audit plan and receives the Chief Internal Auditors Annual Report. In 2023–24, that report highlights an opinion that NHS Shetland has a framework of governance, risk management, and controls which provides reasonable assurance regarding the effective and efficient achievement of objectives, with the exception of the management of IT assets, where there are significant issues around the tracking of assets across the organisation and a lack of supporting policies and procedures.

- **Finance and Performance Committee**

Following a review of the Board's governance arrangements, the Board decided to create a Finance and Performance Committee. The committee chair is the Board chair and membership comprises the Chairs of the other governance committees and the Board member who holds the Chair or Vice Chair role on the IJB.

The committee met four times in 2023–24 and held three development workshops.

The committee remit, in addition to providing additional scrutiny and assurance on finance and performance, also includes reviewing:

- The Board's sustainability plan;
- Information Governance;
- Digital and Cyber Security;
- Business Continuity; and
- Review and scrutiny of the Board's ADP development.

- **Endowment Committee**

The Endowment Committee comprises all members of the Board, and the Chair is Lincoln Carroll. The committee oversees the management of Shetland Health Board Endowment Funds. It met four times in 2023–24 and four times in 2022–23.

The [Endowment Fund is registered with the Office of the Scottish Charity Regulator \(OSCR\)](#); its charity reference number is SC011513. The Endowment Fund produces its [own audited accounts](#), however in line with IFRSs 10 (International Financial Reporting Standards 10), these have also been consolidated with the Board's accounts. Audit Scotland does not audit these accounts as part of this Audit. The A9 Partnership Limited Chartered Accountants, based in Lerwick, is the Auditor of these funds.

The Endowment Fund is responsible for organising community fundraising appeals, such as the [Scan Shetland Can MRI Scanner Appeal](#), which will culminate with the [installation of an MRI scanner in Shetland in summer 2024](#).

- **Staff Governance Committee**

The membership of the Staff Governance Committee comprises four non-executive Board Members, one of whom is the Employee Director, and three members from the Area Partnership Forum (APF), of which two are staff-side and one is a management representative. The 2023–24 committee chair was Emma Macdonald. It met on four occasions during 2023–24, and on three occasions during 2022–23.

The Staff Governance Committee's function is to ensure appropriate governance and management of all staff and employment issues. The committee also oversees the implementation of the Staff Governance Standard which requires all NHS Boards to demonstrate that staff are well informed; appropriately trained; involved in decisions that affect them; treated fairly and consistently; and provided with a continuously improving and safe working environment. The Standard also places requirements on staff to ensure a balanced commitment to these matters.

The Committee has an important role in ensuring consistency of policy and equity of treatment of all staff, as well as assessing the Board's compliance with NHS Scotland Staff Governance standards to ensure compliance with all relevant laws and regulations.

Activities undertaken within the Staff Governance action plan during the last year include focusing on an accelerated recruitment process to support deployment and redeployment of staff, staff wellbeing, updating relevant policies, and work to improve the organisational culture and transparency.

The management action plan to address statutory and mandatory training issues highlighted in the Internal Audit report is being monitored by the Staff Governance Committee.

- **Reference Committee**

The Board has a Reference Committee that has a general duty of deciding whether allegations of breach of terms of service made against Family Health Contractors should be made to a Discipline Committee. The Reference Committee was not required to meet in 2023–24 or during 2022–23. The committee Chair is a non-executive Board Member.

- **Remuneration Committee**

The main function of the Remuneration Committee is to ensure the appropriate application and implementation of pay systems on behalf of the Board, as determined by the Scottish Government. During 2023–24 the committee met on five occasions and twice during 2022–23. The Remuneration Committee was chaired by the Vice Chair of the Board, Natasha Cornick in 2023–24.

Risk and Control Framework

As Accountable Officer I also have responsibility for reviewing the effectiveness of the system of internal control and accountable to the Board for the effective management of risks.

The [Board's Corporate Governance Handbook](#), containing the Board's System of Internal Control: Standing Orders, Standing Financial Instructions, and approved Scheme of Delegation, is publicly available on the Board's website.

NHS Scotland bodies are subject to the requirements of the SPFM and must operate a Risk Management Strategy in accordance with relevant guidance issued by Scottish Ministers. The [local Risk Management Strategy](#) was agreed by the Board in April 2023.

The Risk Management Strategy sets out our local principles and approaches to risk management that are to be followed throughout NHS Shetland. These are aligned to [The Orange Book: Management of Risk - Principles and Concepts](#) (23 August 2021), and HM Government and the SPFM ['Risk Management - Good Practice in the Scottish Public Sector'](#) (2018, Scottish Government).

As Chief Executive, I ensure there is suitable review and management of strategic risks and that all significant risk management concerns are prioritised, and considered in-line

with our risk register hierarchy as outlined below in Figure 18. These are communicated to our Board and Governance Committees on a regular basis.

Risk management is a dynamic process, with frequent review of existing risks and monitoring of the environment necessary to ensure the risks captured represent the current profile of the organisation.

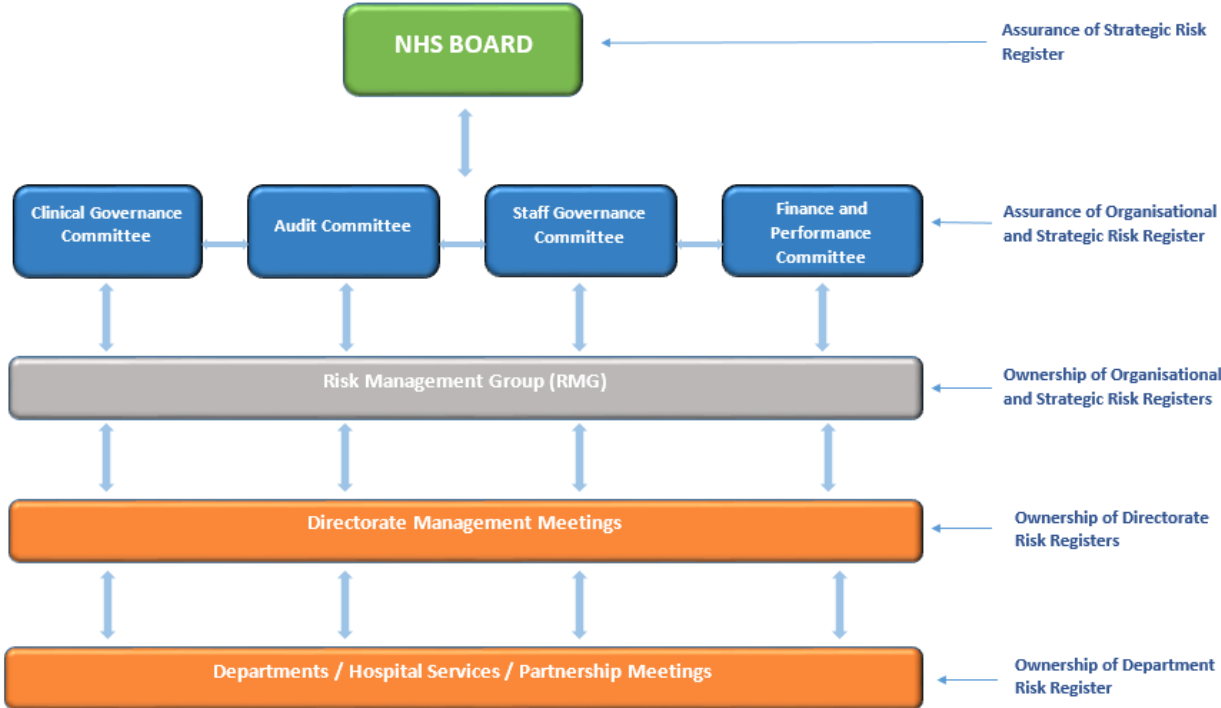
NHS Shetland risk arrangements are managed by the RMG with an annual work plan to embed risk management in the organisation.

• **Figure 18—Diagram showing Risk Register Hierarchy**



The work of the RMG is overseen by the Audit and Risk Committee, with individual strategic risks allocated to the relevant committee as outlined below in Figure 19. Overall oversight is maintained by the Board.

Figure 19—Diagram showing Risk Management Governance Structure



Our risk management process uses a standard matrix, with red, amber, green status, and is utilised organisation-wide. The output from this review is included in the Risk Register.

The strategic risks are reviewed on a regular basis by both the RMG and the relevant governance committee along with the actions taken to mitigate the risk.

The Strategic Risk Register is aligned to the [corporate objectives of the Board](#) and is focussed on key strategic risks. The [Strategic Risk Register Report](#) is published on the Board's website and is formally reviewed by the Board and the Audit and Risk Committee.

A complete review of the corporate risks was undertaken during the year. The [revised Strategic Risk Register was last approved by the Board at its April 2024 meeting](#). The review includes both issues over which the Board has full autonomy, and external factors.

More generally, the Board is committed to continuous development and improvement; developing systems in response to any relevant reviews; and developments in best practice. The [Risk Management Summary Report 2023–24](#) was presented to the April 2024 Board meeting. It summarises the activities undertaken in 2023–24, and the plans for 2024–25.

Annual Service Reports

National Services Scotland (NSS) appoints service auditors to review and report on various services, providing assurance to all Boards regarding the internal control frameworks for services delivered on behalf of NHS Scotland. This includes payments to Practitioners and Information Technology (IT). A qualification in a service audit report relates to the design or operating effectiveness of controls in order to meet the stated control objectives rather than indicating that the underlying transactions are necessarily incorrectly processed. An adverse opinion would occur where controls were absent or failed.

In 2023–24, the payments to Practitioners service audits reports found an issue with a specific control in Dental contractors standing data during this year causing a qualified opinion. Outside this issue, audit concluded other controls operated effectively. The 2022–23 service audit also found controls operated effectively throughout the year.

National IT Services Service Audit report in 2023–24 audit found that controls in place operated effectively except in relation to controls for five specific applications that led to a qualified opinion. In respect of 2022–23, the service audit found that the controls operated effectively throughout the year.

NHS Shetland has considered these qualifications and has been assured by NSS that sufficient actions are being taken to address these issues. The risk to the Board is therefore considered immaterial.

NHS Ayrshire and Arran hosts NHS Scotland National Single Instance Financial Ledger Services. The annual service audit found financial ledger service operated effectively throughout 2023–24, from 1 April 2023 to 31 March 2024. The previous years' service audit concluded that the service operated effectively throughout 2022–23.

- **Whistleblowing**

The [NHS Shetland whistleblowing policy](#) is based on the NHS Scotland national whistleblowing standard. In February 2020, the Scottish Government appointed an additional non-executive to the Board to serve as its Whistleblowing Champion. Joe Higgins was appointed to this post during 2022–23.

Whistleblowing Executive Lead and Medical Director, Kirsty Brightwell continued to lead on embedding the [national Whistleblowing Standards](#) during 2023–24. A [Whistleblowing Standards Annual Report](#) goes to each June Board meeting.

In October 2023, the Board ran a weeklong Speak Up campaign to promote and engage staff in creating a healthy and sustainable “speak up” culture across NHS Shetland.

- **Counter Fraud Services**

NHS Scotland Counter Fraud Services (CFS) carries out work on behalf of all Boards in Scotland with respect to Family Health Services’ patient-exemption checks, to identify claims that may contain an administrative error or fraud in the submission.

CFS also provides a central intelligence base for Boards, as well as support and training for staff in engendering an anti-fraud culture at the Board. In respect of fraud training, 410 members of staff completed CFS on-line training in Turas in year. At 31 March 2024, 643 members of staff have a valid completion certificate. In addition staff have also completed eLearning modules in Procurement Fraud Awareness, and Competition and Markets Authority Bid Rigging in Public Procurement.

Information Governance

The Board has put in place a structure and processes for implementing the national Information Governance (IG) standards.

In line with the regulations NHS Shetland has appointed a Data Protection Officer (DPO), a Caldecott Guardian, and a Senior Information Risk Owner (SIRO). The DPO is supported by a dedicated team that ensures organisational responsibilities are met in respect of IG responsibilities under the General Data Protection Regulation (EU) 2016/679, Freedom of Information (FOI), Public Records (Scotland) Act 2011, and [Network & Information Systems Regulations 2018](#). The IG Work Plan and the operational delivery of these issues is scrutinised by the Information Governance Group (IGG), which includes the DPO, Caldecott Guardian, SIRO and Digital lead.

The Board approved the [Information Governance Strategy 2022–2027](#) at its June 2022 meeting.

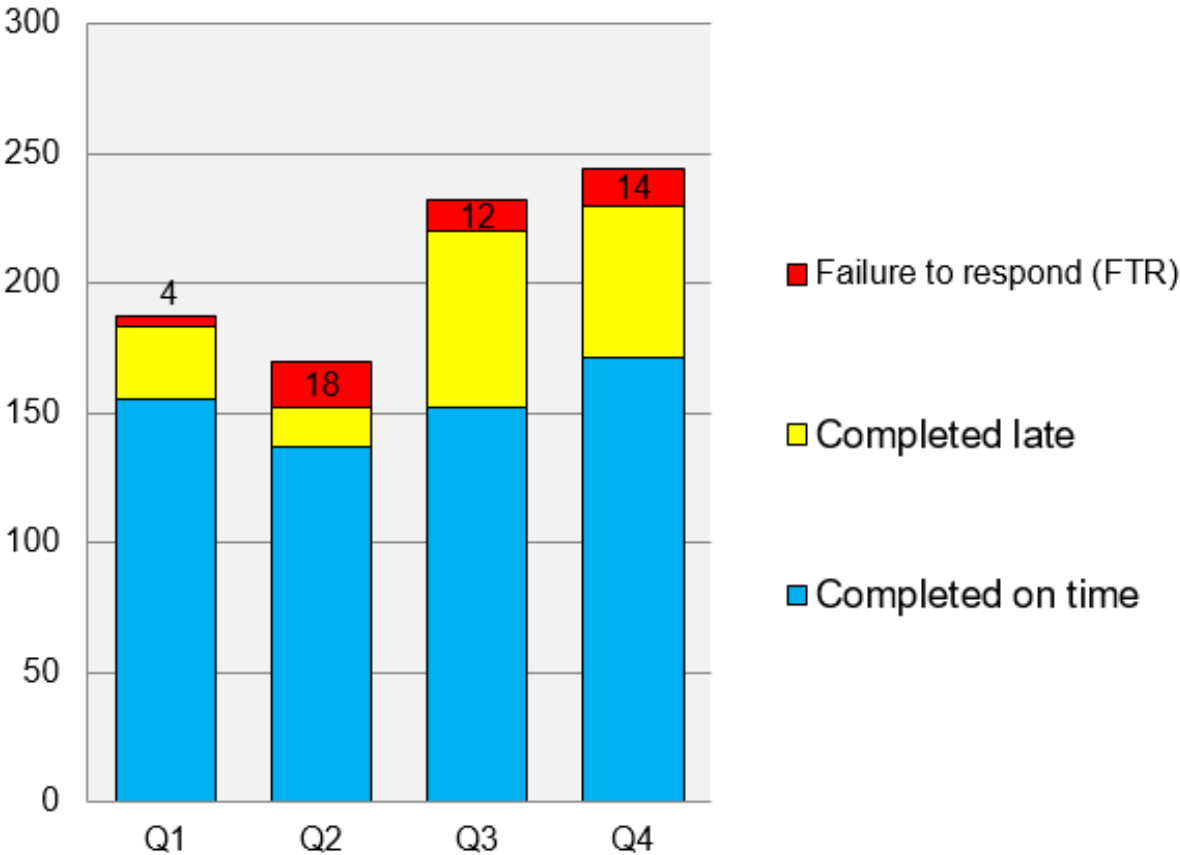
There are clear links between the IG framework and the clinical governance framework, and the IG work plan is now presented to the FPC along with an annual review of prior year activities.

Progress has been made in a number of areas, however work continues to improve our performance as there have been 88 “near miss” data security incidents during 2023–24 reported to the Board’s Data Protection Officer. There were also 88 “near misses” in 2022–23. Actions have been taken to improve systems and remind staff of the importance of data security.

While the physical security of our data has improved, we continue to work with staff to ensure they understand their responsibilities. During 2023–24 there were five incidents (2022–23, five) reported to the Information Commissioners Office. These cases have all been closed as the ICO concluded that no further action was necessary. However recommendations were made by the ICO for improvements to procedures and, in cases involving human error, it highlighted the importance of ensuring staff training was effective and up-to-date.

During 2023–24 the Board submitted an update on its Records Management Plan (RMP) with the Keeper of the Records of Scotland. The feedback report from the Keeper on our progress was discussed at the FPC meeting in February 2024.

Figure 20 - Timeliness of NHS Shetland response to Freedom of Information requests per quarter, 2023–24



The number of Freedom of Information (FOI) requests yet again significantly increased by 35.5% in 2023–24 to 829. In 2022–23 there were 612 requests. In respect of the Board’s obligation, 75% of requests were responded to on time, 86% in 2022–23. As shown in figure 20 above and reported to POISA, there are 46 requests that have not yet received a response and are overdue. This figure was 10 in 2022–23.

Best Value

I can confirm that NHS Shetland is committed to ensuring its activities are undertaken in a manner that will secure best value in the use of public funds in line with the arrangements set out in the SPFM. The Board incorporates the principles of best value within its planning, performance and delivery activities, ensuring that they are part of everyday business and integral to the Board’s decision making in all key areas.

The Board governance committees report on their performance in respect of best value in their annual reports. All the committees advised they delivered best value and are content in respect of assurances received for best value delivery during 2023–24.

In addition, the Board continues to seek opportunities to enhance the system of internal control with a specific focus on the delivery of safe and effective patient care, achievement of priority access targets, and demonstrating best value and the efficient use of resources.

Board Compliance with SPFM

I can confirm that the Board is compliant in all material respects with the aspects of the UK Corporate Governance Code as set out in the guidance issued by the SGHSCD to Chief Executives as being applicable to NHS Boards.

This includes ensuring self-evaluation and KPIs are in place to identify and address the development needs of Executive and Non-Executive Board Members.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control and the quality of data used throughout the organisation. My review is informed by:

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditor, who submit to the organisation's Audit and Risk Committee regular reports which include Internal Audit's independent and objective opinion on the adequacy and effectiveness of the Board's systems of internal control together with recommendations for improvement;
- comments made by the External Auditor in their management letters and reports; and
- the work of the service auditors in relation to the control frameworks operated by the following, which are reported through the Annual Service Audit Reports:
 - Practitioner and Counter Fraud Services (PCFS) in the discharge of their services to support the payments of family health services practitioners on behalf of NHS Scotland Health Boards
 - Atos and NSS Digital and Security in the discharge of their services to support National IT Services on behalf of NHS Scotland Health Boards
 - NHS Ayrshire and Arran in the discharge of their services to operate the National Single Instance (NSI) financial ledger services on behalf of NHS Scotland Boards.

For the year 2023–24, all three of these Service Audit Reports received a clear opinion that relevant controls were properly in place throughout the year.

As part of this process, the Directors and Committee Chairs have provided formal written Certificates of Assurance for their relevant committees or areas of responsibility.

The ultimate test of the effectiveness of this system is the extent to which the Board achieves its corporate objectives. As described above, progress against these objectives is monitored by regular performance reports to the Board and these have demonstrated good progress over the past year. The RMG has maintained an overview of all risks. The Internal Auditor draws up reports that consider various aspects of the Board's control systems and reports findings to the Audit and Risk Committee. These reports consider the extent to which the Board's processes support its system control objectives and offer an opinion as to the degree of risk to which the Board is exposed.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee, Staff Governance Committee, FPC, CGC, and RMG.

Appropriate action is in place to address weaknesses and ensure continuous improvement of the system is in place.

Significant Governance Issues

During the financial year there were no other significant control weaknesses or issues that have arisen, other than those covered below, and no significant failures have arisen in the expected standards for good governance, risk management and control that require to be reported to the Scottish Government.

1. As highlighted in the Chief Internal auditor and the Audit and Risk Committee annual report the management of IT assets where there are significant issues about the tracking of assets across the organisation and lack of supporting policies and procedures.

A management action plan is in place to address this weakness.

Remuneration and Staff Report

Remuneration Report

- **Board Members' and Senior Employees' Remuneration**
- **Remuneration Committee membership (Unaudited)**

The members of the Remuneration Committee are the Chair and Vice-Chair of the Board, as well as the Chair of the Audit and Risk Committee and the Employee Director. The Director of Human Resources and Support Services is the Remuneration Committee's advisor on all matters, except those relating directly to the post holder. The Chief Executive is also in attendance, except when matters pertaining to the post holder's own remuneration or performance are being discussed.

The Committee meets as required to conduct its business. The Director of Human Resources and Support Services prepares an annual report for the Board on the work of the Remuneration Committee.

- **Remuneration policy for Senior Executives (Unaudited)**

The Remuneration Committee agrees the annual objectives for the Board Chief Executive, and then agrees with the Chief Executive the annual objectives for the other Executive Directors, as well as staff on the Senior Manager pay scale. The Committee considers performance against objectives, as well as the remuneration of these staff, who are then remunerated in accordance with national guidance and pay scales. The evidence is subject to regular audit and is also made available to the National Performance Management Committee for ratification. The element of remuneration subject to performance conditions is low, averaging under 5%.

All managers in the Executive Cohort are under a National Contract that has a three-month notice period. There is provision in the contract for the Board to make a termination payment equivalent to three months' salary in lieu of the notice period if it so desires. This option is only used in exceptional circumstances, and no such awards have been made to past senior managers.

The Committee also oversees arrangements for payment of discretionary points to locally employed consultant staff. This includes final payment decisions in individual cases, based upon professional advice and in accordance with current guidance issued by the Scottish Government Health Directorates.

• **NHS Shetland—Year Ended 31 March 2024 (Audited Information)**

Director	Director's Gross Salary (bands of £5,000)	Total Earnings in Year	Pension Benefits	Total Remuneration
Executive Members	£000	£000	£000	£000
Chief Executive: Brian Chittick [from 1 July 2023] [1]	120-125	120-125	37	155-160
Chief Executive: Michael Dickson [until 30 June 2023] [2]	30-35	30-35	11	45-50
Medical Director: Kirsty Brightwell [8]	145-150	145-150	54	200-205
Director of Nursing: Kathleen Carolan	120-125	120-125	7	125-130
Director of Finance: Colin Marsland	85-90	85-90	24	110-115
Director of Human Resources and Support Services: Lorraine Hall [3]	120-125	120-125	1	125-130
Director of Public Health: Susan Laidlaw	135-140	135-140	29	165-170
Non-Executive Members	£000	£000	£000	£000
Chair: Gary Robinson	25-30	25-30	0	25-30
Natasha Cornick	5-10	5-10	0	5-10
Jane Haswell [until 5 May 2023] [4]	0-5	0-5	0	0-5
Lincoln Carroll	5-10	5-10	0	5-10
Colin Campbell	5-10	5-10	0	5-10
Joseph Higgins	5-10	5-10	0	5-10
Emma Macdonald	5-10	5-10	0	5-10
Kathy Hubbard	5-10	5-10	0	5-10
Gaynor Jones [from 6 November 2023] [4]	0-5	0-5	0	0-5

Director	Director's Gross Salary (bands of £5,000)	Total Earnings in Year	Pension Benefits	Total Remuneration
Other Board Members	£000	£000	£000	£000
Chair of Area Clinical Forum: Amanda McDermott [5]	80-85	80-85	12	90-95
Employee Director: Bruce McCulloch [6]	40-45	40-45	9	50-55
Other Senior Employees	£000	£000	£000	£000
Interim Director of Community Health and Social Care (DCHSC): Jo Robinson [from 1 July 2023] [7]	-	-	-	-
Total			184	

Notes in respect of 2023–24 disclosure:

1. This Chief Executive's (CEO) salary reflects he was DCHSC until 30 June 2023. He moved to the post of CEO from 1 July 2023. The full year equivalent salaries for both posts are: DCHSC £110k–£115k, CEO £110k–£115k.
2. This CEO's full year equivalent salary is £115k–£120k. This CEO also received a Benefit in Kind (lease vehicle) equating to £521 during his employment.
3. The Director of Human Resources and Support Services salary reflects she was performing this role for both NHS Shetland and NHS Orkney until 30 September 2023. This post was funded 50/50 by NHS Shetland and NHS Orkney.
4. These Non-Executive Directors' full year equivalent salaries are £5k–£10k.
5. This Chair of the Area Clinical Forum salary includes £72k in respect of non-Board duties (Chief Nurse Acute).
6. This Employee Director's salary includes £34k in respect of non-Board duties (Service Improvement Lead).
7. This Interim DCHSC is employed by SIC and receives a gross annual salary of £95k–£100k as at 31 March 2024. This post was funded 50/50 by NHS Shetland and SIC. SIC annual accounts contain the detailed remuneration information.
8. This Medical Director's salary includes £27k in respect of non-Board duties (General Practitioner).
9. No other benefits in kind, to that in Note 2 above, were received in 2023–24.
10. No bonus payments were made in 2023–24.

• NHS Shetland - Pension Values - Year Ended 31 March 2024 (Audited Information)

Director	Accrued pension at age 60 as at 31 March 2024 (bands of £5,000) [1]	Real Increase in Pension at age 60 (bands of £2,500) [1]	CETV at 31 March 2024	CETV at 31 March 2023 [3]	Real Increase in CETV
Executive Members	£000	£000	£000	£000	£000
Chief Executive: Brian Chittick [from 1 July 2023]	20-25 (0)	2.5-5 (0)	301	244	41
Chief Executive: Michael Dickson [until 30 June 2023]	10-15 (0)	0-2.5 (0)	154	132	17
Medical Director: Kirsty Brightwell	50-55 (135-140)	2.5-5 (0-2.5)	910	1,039	108
Director of Nursing: Kathleen Carolan	30-35 (85-90)	0-2.5 (0)	701	639	46
Director of Finance: Colin Marsland	35-40 (95-100)	0-2.5 (0)	845	754	79
Director of Human Resources and Support Services: Lorraine Hall	30-35 (80-85)	0-2.5 (0)	775	711	48
Director of Public Health: Susan Laidlaw	45-50 (120-125)	0-2.5 (0)	1,079	965	95

Director	Accrued pension at age 60 as at 31 March 2023 (bands of £5,000) [1]	Real Increase in Pension at age 60 (bands of £2,500) [1]	CETV at 31 March 2024	CETV at 31 March 2023 [3]	Real Increase in CETV
Non-Executive Members [2]	-	-	-	-	-
Other Board Members	£000	£000	£000	£000	£000
Chair of Area Clinical Forum: Amanda McDermott	15-20 (40-45)	0-2.5 (0)	300	264	23
Employee Director: Bruce McCulloch	5-10 (20-25)	0-2.5 (0)	192	170	19
Other Senior Employees	£000	£000	£000	£000	£000
Interim DCHSC: Jo Robinson [from 1 July 2023] [4]	-	-	-	-	-
Total					476

Notes in respect of 2023–24 disclosure:

1. Accrued annual pension and real annual increase stated first followed by lump sum payment inside brackets.
2. Non-executive members are not eligible for membership of NHS pension scheme so the value is nil in all columns for the pension values table.
3. It is not unusual for the disclosed figure for the opening figure in the current year to be different from the 31 March figure in the previous year. Since the real increase in CETV is supposed to reflect the change related to employer contributions only, the figure is worked out using common market valuation factors for the start and end of the period. It follows that the market valuations at the end of the current year may be different from those used in the previous year.

4. This Interim DCHSC is employed by SIC. SIC annual accounts contains the detailed remuneration information.

• **NHS Shetland—Year Ended 31 March 2023 (Audited Information)**

Director	Director's Gross Salary (bands of £5,000)	Benefits in Kind	Total Earnings in Year	Pension Benefits	Total Remuneration
Executive Members	£000	£s	£000	£000	£000
Chief Executive: Michael Dickson [1]	145-150	0	145-150	40	185-190
Medical Director: Kirsty Brightwell	140-145	0	140-145	(19)	120-125
Director of Nursing: Kathleen Carolan [2]	145-150	0	145-150	(1)	145-150
Director of Finance: Colin Marsland	85-90	0	85-90	(28)	55-60
Director of Human Resources and Support Services: Lorraine Hall [3]	120-125	0	120-125	2	125-130
Director of Public Health: Susan Laidlaw	130-135	0	130-135	3	135-140
Non-Executive Members	£000	£s	£000	£000	£000
Chair: Gary Robinson	30-35	0	30-35	0	30-35
Natasha Cornick	5-10	0	5-10	0	5-10
Malcolm Bell [until 30 April 2022] [4]	0-5	0	0-5	0	0-5
Non-Executive Members	£000	£s	£000	£000	£000

Director	Director's Gross Salary (bands of £5,000)	Benefits in Kind	Total Earnings in Year	Pension Benefits	Total Remuneration
Jane Haswell	5-10	0	5-10	0	5-10
Lincoln Carroll	5-10	0	5-10	0	5-10
Colin Campbell	5-10	0	5-10	0	5-10
Joseph Higgins [from 8 December 2022] [4]	0-5	0	0-5	0	0-5
Emma Macdonald [from 4 July 2022] [4]	5-10	0	5-10	0	5-10
Kathy Hubbard	5-10	0	5-10	0	5-10
Other Board Members	£000	£s	£000	£000	£000
Chair of Area Clinical Forum: Amanda McDermott [5]	70-75	0	70-75	8	80-85
Employee Director: Ian Sandilands [until 5 June 2022] [6]	25-30	0	25-30	(47)	(15-20)
Employee Director: Bruce McCulloch [from 6 June 2022] [7]	35-40	0	35-40	0	35-40

Director	Director's Gross Salary (bands of £5,000)	Benefits in Kind	Total Earnings in Year	Pension Benefits	Total Remuneration
Other Senior Employees	£000	£s	£000	£000	£000
DCHSC: Brian Chittick	110-115	0	110-115	34	145-150
Total				(8)	

Notes in respect of 2022–23 disclosure:

11. The Chief Executive's salary reflects that he was Chief Executive for both NHS Shetland and NHS Orkney. This post was funded 50/50 by NHS Shetland and NHS Orkney.
12. The Director of Nursing's salary is inclusive of arrears of pay relating to 2020–21, £13k and 2021–22, £13k.
13. The Director of Human Resources and Support Services salary reflects that she was performing this role for both NHS Shetland and NHS Orkney. This post was funded 50/50 by NHS Shetland and NHS Orkney.
14. These Non-Executive Directors' full year equivalent salaries are £5k–£10k.
15. This Chair of the Area Clinical Forum salary includes £65k in respect of non-Board duties (Chief Nurse Acute).
16. This Employee Director's salary includes £29k in respect of non-Board duties (Clinical Team Leader). This Employee Director left his Non-Executive post on 5 June 2022, full year equivalent salary £5k–£10k. He also left his substantive post on 30 September 2022, full year equivalent salary £45k–£50k.
17. This Employee Director's salary includes £32k in respect of non-Board duties (Service Improvement Lead). This Employee Director commenced his Non-Executive post on 6 June 2022, full year equivalent salary £5k–£10k.
18. No benefits in kind were received in 2022–23.
19. No bonus payments were made in 2022–23.

- **NHS Shetland - Pension Values - Year Ended 31 March 2023 (Audited Information)**

Director	Accrued pension at age 60 as at 31 March 2023 (bands of £5,000) [1]	Real Increase in Pension at age 60 (bands of £2,500) [1]	CETV at 31 March 2023	CETV at 31 March 2022 [3]	Real Increase in CETV
Executive Members	£000	£000	£000	£000	£000
Chief Executive: Michael Dickson	5-10 (0)	2.5-5 (0)	114	75	39
Medical Director: Kirsty Brightwell	50-55 (90-95)	7.5-10 (5-7.5)	773	656	117
Director of Nursing: Kathleen Carolan	35-40 (50-55)	0-2.5 (0)	552	538	14
Director of Finance: Colin Marsland	35-40 (70-75)	0 (0)	687	698	(11)
Director of Public Health: Susan Laidlaw	45-50 (85-90)	0-2.5 (0)	873	850	23
Director of Human Resources and Support Services: Lorraine Hall	30-35 (60-65)	0-2.5 (0)	529	515	14
Non-Executive Members [2]					

Director	Accrued pension at age 60 as at 31 March 2023 (bands of £5,000) [1]	Real Increase in Pension at age 60 (bands of £2,500) [1]	CETV at 31 March 2023	CETV at 31 March 2022 [3]	Real Increase in CETV
Other Board Members	£000	£000	£000	£000	£000
Chair of Area Clinical Forum: Amanda McDermott	15-20 (0)	0-2.5 (0)	186	175	11
Employee Director: Ian Sandilands	20-25 (70-75)	0 (0)	583	633	(50)
Employee Director: Bruce McCulloch	15-20 (35-40)	0 (0)	296	292	4
Other Senior Employees	£000	£000	£000	£000	£000
DCHSC: Brian Chittick	15-20 (0)	0-2.5 (0)	209	176	33
Total					194

Notes in respect of 2022–23 disclosure:

1. Accrued annual pension and real annual increase stated first followed by lump sum payment inside brackets.
2. Non-executive members are not eligible for membership of NHS pension scheme so the value is nil in all columns for the pension values table.
3. It is not unusual for the disclosed figure for the opening figure in the current year to be different from the 31 March figure in the previous year. Since the real increase in CETV is supposed to reflect the change related to employer contributions only, the figure is worked out using common market valuation factors for the start and end of the period. It follows that the market valuations at the end of the current year may be different from those used in the previous year.

• **Fair Pay Disclosure (Audited Information)**

The following table compares the banded remuneration of the highest paid Director against the median salary for the workforce in each year.

	2024	2023	Change
	£s		%
Range of staff remuneration	23k-380k	22k-328k	17
Highest earning director's remuneration	136,242	146,858	(7)
Median (Total pay and benefits)	39,920	37,485	7
Median (Salary only)	32,300	35,365	(9)
Ratio [1]	1:3	1:4	-
25 th percentile (Total pay and benefits)	30,212	28,702	5
25 th percentile (Salary only)	27,486	25,808	7
Ratio	1:5	1:5	-
75 th percentile (Total pay and benefits)	52,547	49,835	5
75 th percentile (Salary only)	46,100	43,286	7
Ratio	1:3	1:3	-
<p>Commentary: [1] The highest-earning director was the Director of Public Health (with Consultant responsibilities) in 2023–24 and the Chief Executive in 2022–23. The range of remuneration continues to be heavily influenced by the additional cost of temporary workers including bank and agency consultants. The general increase in the current year's remuneration compared to the previous year is in line with the NHS Scotland pay award for 2023–24.</p>			

The remuneration figures used for the median and percentile calculations represent the annualised whole time equivalent (WTE) salary figures excluding employer's pension contributions. The figures disclosed earlier in this remuneration report represent actual earnings for the year inclusive of pension costs. In respect of staff with part-time employment the total pay used in the calculation of the median has been grossed-up to a WTE value but staff with contracts of less than two hours were excluded as this can lead to very high annual salaries when grossed up that distort the median result. Arrears of staff pay have also been excluded as this may also distort the median. Agency staff are excluded, as they are not employees and are charged via invoice, not via payroll.

Staff Report

- **Number of senior staff by band (Audited Information)**

This information is provided by headcount and represents the Executive Board Members and Other Senior Employees from the Remuneration Report. This information represents full year equivalent salaries of Board Members and Senior Employees still in employment at 31 March 2024.

	2024	2023
Band (bands of £10,000)	Number of Staff	Number of Staff
£80,001 to £90,000	1	1
£90,001 to £100,000	1	0
£110,001 to £120,000	0	1
£120,001 to £130,000	4	1
£130,001 to £140,000	1	1
£140,001 to £150,000	0	3
Total	7	7

- **Higher paid employees' remuneration (Audited Information)**

Other employees whose remuneration fell within the following ranges:

2024		2023
Number		Number
	Clinicians	
17	£70,001 to £80,000	12
8	£80,001 to £90,000	10
8	£90,001 to £100,000	4
5	£100,001 to £110,000	5
2	£110,001 to £120,000	3
4	£120,001 to £130,000	0
3	£130,001 to £140,000	0
2	£140,001 to £150,000	1
	Clinicians	
1	£150,001 to £160,000	3
3	£160,001 to £170,000	3
1	£170,001 to £180,000	2
0	£180,001 to £190,000	0

2024		2023
Number		Number
0	£190,001 to £200,000	0
7	£200,001 and above	6
	Other	
4	£70,001 to £80,000	3
1	£80,001 to £90,000	1
1	£120,001 to £130,000	1
1	£130,001 to £140,000	0

• **Staff costs (Audited Information)**

	Salaries and wages	Social security costs	NHS scheme employers' costs	Inward secondees	Agency and other directly engaged staff	Total
	£000	£000	£000	£000	£000	£000
Executive Board Members	664	99	152	0	0	915
Non-Executive Members	101	3	0	0	0	104
Permanent staff	34,806	3,762	6,148	0	0	44,716
Inward Secondees	0	0	0	298	0	298
Other Staff	0	0	0	0	3,353	3,353
2024 total	35,571	3,864	6,300	298	3,353	49,386
2023 total	31,940	3,853	5,899	271	8,033	49,996

- **Staff Numbers (Audited information except in respect of disabled staff):**

	Whole Time Equivalent
Executive Board Members	6
Non-Executive Members	2
Permanent staff	657
Inward Secondees [1]	0
Other Staff	0
Outward Secondees [1]	0
2024 total	665
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:	0
Included in the total staff numbers above were disabled staff of:	53
Included in the total staff numbers above were Special Advisers of:	0
2023 total	654
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:	0
Included in the total staff numbers above were disabled staff of:	43
Included in the total staff numbers above were Special Advisers of:	0

[1] The WTE for secondees is not routinely collected due to the nature of the transactions. The cost of these secondees can however be seen in the Staff Costs table above.

Note: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are included in [Note 18](#).

- **Staff composition (Unaudited Information)**

Head Count of Staff	2024			2023		
	Male	Female	Total	Male	Female	Total
Executive Directors	2	4	6	2	4	6
Non-Executive Directors and Employee Director	5	5	10	5	5	10
Senior Employees	0	0	0	1	0	1
Other	136	679	815	132	663	795
Total Headcount	143	688	831	140	672	812

- **Sickness absence data (Unaudited Information)**

	2024	2023
Sickness absence rate	4.7%	4.6%

The NHS Scotland ADP compliance standard for Boards to achieve is a sickness absence rate of 4.0% or less. NHS Shetland was 4.7% against this KPI in 2023–24. It was positive in relation to the NHS Scotland average of 6.1% in 2023–24.

The number of hours lost as sickness absence increased marginally from 60,546 in 2022–23 to 61,177 in 2023–24.

APF and Staff Governance Committee monitors sickness absence as part of their standing agenda items. Managers though are responsible for following Board policies concerning support staff wellbeing and managing absences.

- **Staff policies applied during the financial year relating to the employment of disabled persons (Unaudited Information):**

- The Board gives full and fair consideration to applications for employment made by disabled persons, having a regard to their particular aptitudes and abilities.
- The Board also continues the employment of and arranges appropriate training for employees of the Board who have become disabled persons during the period when they were employed.
- Policies include ‘Embracing Equality, Diversity and Human Rights’ and ‘Ensuring Safe and Fair Recruitment, Selection and Employment’. You can find the [relevant documentation on NHS Shetland’s external website](#).

- **Exit packages (Audited Information)**

None in 2023–24 or prior year.

- **The Trade Union (Facility Time Publication Requirements) Regulations 2017 (Unaudited Information)**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31 July each year.

- **Relevant Union Officials**

Number of employees who were relevant union officials during the year 1 April 2023 to 31 March 2024	Full time equivalent employee number
14	1

- **Percentage of time spent of facility time**

Percentage of time	Number of representatives
1–50 %	14

- **Percentage of pay bill spent on facility time**

	£000s
Total cost of facility time	5
Total pay bill	49,386
Percentage of the total pay bill spent on facility time	0.01%

- **Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	2%
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- **Staff Turnover Percentage (Unaudited Information)**

Period	Staff turnover percentage
2023–24	15%
2022–23	19%

Staff turnover is calculated as follows and has remained reasonably consistent year-on-year:

- Total number of leavers in year/Average number of staff in year (headcount) x 100

- **Off-Payroll Engagement (Unaudited Information)**

The use of locum agency medical and nursing staff throughout the year is disclosed in the staff costs table above. These staff are either:

1. Remunerated through NHS Shetland's payroll when deemed 'employed for tax purposes' or under IR35 legislation;
2. Remunerated through a third-party payroll service provided by Liaison Financial Services Limited; or
3. Remunerated through the payroll of the Agency provider.

- **Staff Survey (Unaudited Information)**

NHS Shetland participates in [iMatter](#), NHS Scotland's Staff Experience continuous improvement tool.

iMatter is designed to help individuals, teams, Directorates, and Boards understand and improve staff experience. This is a term used to describe the extent to which employees feel motivated, supported, and cared for at work. It is reflected in levels of engagement, motivation and productivity.

The process is based on a staff engagement questionnaire which all staff are asked to respond to, which then generates a Team Report containing the results. The Line Manager discusses the report with the team and agree what the team's main strength is along with up to three improvement actions that are specific for them for the months ahead. This improvement plan is captured on a team 'Storyboard' which the team then uses to monitor progress prior to the next iMatter run. The process is completed annually.

- **Expenditure on Consultancy (Unaudited Information)**

There were several consultancy firms engaged by NHS Shetland during 2023–24 in relation to the development of a business case for the replacement of the Gilbert Bain Hospital (GBH). These consultants were engaged indirectly through the [Hub North Scotland](#), a strategic development partner for the public sector.

GBH Project costs during 2023–24 totalled £0.452m and were fully funded by the Scottish Government. The project was paused in early 2024 due to the constrained budget position across Scotland.

- **Other Employee Matters (Unaudited Information)**

The Board has policies and procedures in place for other employee matters such as diversity issues and equal treatment in employment and occupation, employment issues including employee consultation and/or participation, health and safety at work, trade union relationships, and human capital management such as career management and employability, and pay policy. Policies include 'Eliminating Bullying and Harassment', 'Work Life Balance' and 'Health and Safety'. You can find the [relevant documentation on NHS Shetland's external website](#).

- **Parliamentary Accountability Report (Audited Information)**

There are no disclosures applicable, as NHS Shetland is not aware of any attempted fraud or irregular activities during 2023–24 or prior year that incurred a loss and only two payment made within our delegated limits in respect of in respect of a medical negligence claim for combined value of £0.1m. The Board as required has provided for CNORIS (Clinical Negligence and Other Risks Indemnity Scheme) claims notified to it and which will be settled at a future date; details of these provisions can be found in [Note 13](#).

Approval and signing of the Accountability Report

Brian Chittick

Signed by Brian Chittick, Chief Executive as Accountable Officer

25 June 2024

Independent auditor's report to the members of NHS Shetland, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of NHS Shetland and its group for the year ended 31 March 2024 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the board and its group as at 31 March 2024 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 03 April 2024. My period of appointment is four years, covering 2023/24 to 2026/27. I am independent of the board and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the board and its group to continue to adopt the going concern

basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the board and its group. However, I report on the board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the ability of the board and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the board's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the health sector to identify that the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers are significant in the context of the board;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the board;
- inquiring of the Accountable Officer concerning the board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on the audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the

Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on the Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Rachel Browne

Rachel Browne CPFA

Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

25 June 2024

NHS Shetland Statements and Summaries

Statement of Consolidated Comprehensive Net Expenditure (SoCNE) for the Year Ended 31 March 2024

2023			2024
£000		Note	£000
49,996	Staff costs	3a	49,386
	Other operating expenditure	3b	
3,442	Independent Primary Care Services		3,439
9,547	Drugs and medical supplies		11,162
62,427	Other health care expenditure		62,109
125,412	Gross expenditure for the year		126,096
(42,363)	Less: operating income	4	(41,811)
1,386	Associates and joint ventures accounted for on an equity basis		292
84,435	Net expenditure for the year		84,577

- **Other Comprehensive Net Expenditure (will not be reclassified subsequently to the SoCNE)**

2023		2024
£000		£000
42	Net (gain) loss on revaluation of investments	(70)
(1,764)	Net gain on revaluation of property	(894)
(1,722)	Other comprehensive expenditure	(964)
82,713	Comprehensive net expenditure	83,613

The Notes to the Accounts, numbered 1 to 21, form an integral part of these Accounts.

Consolidated Statement of Financial Position as at 31 March 2024

Consolidated	Board			Consolidated	Board
2023	2023			2024	2024
£000	£000		Note	£000	£000
35,306	35,306	Property, plant and equipment	7a	36,256	36,256
1,428	1,428	Right of Use assets	17a	1,326	1,326
		Financial assets:			
1,437	0	Available for sale financial assets	10	1,507	0
772	0	Investments in associates and joint ventures		480	0
38,943	36,734	Total non-current assets		39,569	37,582
		Current Assets:			
641	641	Inventories	8	751	751
		Financial assets:			
5,563	5,553	Trade and other receivables	9	3,771	3,726
1,759	176	Cash and cash equivalents	11	1,771	153
150	150	Asset held for sale	7b	150	150
8,113	6,520	Total current assets		6,443	4,780
47,056	43,254	Total assets		46,012	42,362
		Financial liabilities:			
(562)	(562)	Provisions	13a	(617)	(617)
(12,881)	(12,869)	Trade and other payables	12	(9,702)	(9,643)

Consolidated	Board			Consolidated	Board
2023	2023			2024	2024
£000	£000		Note	£000	£000
(13,443)	(13,431)	Total current liabilities		(10,319)	(10,260)
33,613	29,823	Non-current assets plus / less net current assets / liabilities		35,693	32,102
		Non-current liabilities			
(1,539)	(1,539)	Provisions	13a	(1,564)	(1,564)
(1,277)	(1,277)	Trade and other payables	12	(1,198)	(1,198)
(2,816)	(2,816)	Total non-current liabilities		(2,762)	(2,762)
30,797	27,007	Assets less liabilities		32,931	29,340
		Taxpayers' Equity			
13,002	13,002	General fund		15,146	15,146
14,005	14,005	Revaluation reserve		14,194	14,194
772	0	Other reserves— associates and joint ventures		480	0
3,018	0	Fund held on Trust		3,111	0
30,797	27,007	Total taxpayers' equity		32,931	29,340

The Notes to the Accounts, numbered 1 to 21, form an integral part of these Accounts.

The accounts on pages 75–82 were approved by the Board on 25 June 2024 and signed on their behalf by:

Colin Marstrand
Director of Finance
25 June 2024

Brian Clittick
Chief Executive
25 June 2024

Consolidated Statement of Cash Flows (CFS) for the Year Ended 31 March 2024

2023			2024	2024
£000		Note	£000	£000
	Cash flows from operating activities			
(84,435)	Net expenditure	SoCTE	(84,577)	
4,006	Adjustments for non-cash transactions	2b	3,095	
0	Add back: Lease interest payable		52	
39	Investment income		64	
(6,860)	Movements in working capital	2c	(1,326)	
(87,250)	Net cash outflow from operating activities	21c		(82,692)
	Cash flows from investing activities			
(1,680)	Purchase of property, plant and equipment		(1,647)	
(134)	Investment additions	10	(127)	
0	Donated asset additions		(500)	
97	Receipts from sale of investments		66	
(39)	Interest received		(64)	
(1,756)	Net cash outflow used in investing activities	21c		(2,272)
	Cash flows from financing activities			
89,728	Funding	SoCTE	85,747	
(14)	Movement in general fund working capital	SoCTE	(23)	

2023			2024	2024
£000		Note	£000	£000
	Cash flows from financing activities			
89,714	Cash drawn down		85,724	
(755)	IFRS16—2022–23 cash lease payment		0	
0	Capital element of payments in respect of leases	21c	(696)	
0	Interest element of leases	2b	(52)	
88,959	Net Financing	21c		84,976
(47)	Net Increase in cash and cash equivalents in the year			12
1,806	Cash and cash equivalents at the beginning of the year			1,759
1,759	Cash and cash equivalents at the end of the year			1,771
	Reconciliation of net cash flow to movement in net debt/cash			
(47)	Increase in cash in year	11		12
1,806	Net debt / cash at 1 April			1,759
1,759	Net debt / cash at 31 March			1,771

The Notes to the Accounts, numbered 1 to 21, form an integral part of these Accounts.

Consolidated Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2024

		General Fund	Revaluation Reserve	Other reserve— associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
Balance at 1 April 2023		13,002	14,005	772	3,018	30,797
Changes in taxpayers' equity for 2023–24						
Net gain on revaluation of property		0	894	0	0	894
Net loss on revaluation of investments		0	0	0	70	70
Impairment of equipment		0	(6)	0	0	(6)
Impairment taken to operating costs		0	6	0	0	6
Transfer between reserves		705	(705)	0	0	0
Net operating cost for the year	CFS	(84,308)	0	(292)	23	(84,577)
Total recognised income and expense for 2023–24		(83,603)	189	(292)	93	(83,613)
Funding:	Note					

		General Fund	Revaluation Reserve	Other reserve—associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
Drawn down	CFS	85,724	0	0	0	85,724
Movement in General Fund creditor	CFS	23	0	0	0	23
Balance at 31 March 2024	SoFP	15,146	14,194	480	3,111	32,931

Consolidated Statement of Changes in Taxpayers' Equity—Prior Year, Ended 31 March 2023

		General Fund	Revaluation Reserve	Other reserve—associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
Balance at 1 April 2022		5,874	12,676	2,158	3,074	23,782
Changes in taxpayers' equity for 2022–23						
Net gain on revaluation of property		0	1,764	0	0	1,764
Net loss on revaluation of investments		0	0	0	(42)	(42)
Impairment of equipment		0	(3)	0	0	(3)

		General Fund	Revaluation Reserve	Other reserve— associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
Impairment taken to operating costs		0	3	0	0	3
Transfer between reserves		435	(435)	0	0	0
Net operating cost for the year	CFS	(83,035)	0	(1,386)	(14)	(84,435)
Total recognised income and expense for 2022–23		(82,600)	1,329	(1,386)	(56)	(82,713)
Funding:	Note					
Drawn down	CFS	89,714	0	0	0	89,714
Movement in General Fund creditor	CFS	14	0	0	0	14
Balance at 31 March 2023	SoFP	13,002	14,005	772	3,018	30,797

The Notes to the Accounts, numbered 1 to 21, form an integral part of these Accounts.

Note 1—Accounting Policies

Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these accounts have been prepared in accordance with the FReM issued by HM Treasury, which follows IFRSs, IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of accounts in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the accounts are disclosed in section 28 below.

Adoption of new and revised Standards

- **Standards, amendments and interpretations effective in the current year**

There are no new standards, amendments or interpretations effective in the year 2023-2024. However 23/24 FReM mandates reporting indexation linked payments in PPP liabilities in accordance with IFRS 16 from 2023–24.

- **Standards, amendments and interpretations early adopted this year**

There are no new standards, amendments or interpretations early adopted this year.

- **Standards, amendments and interpretations issued but not adopted this year**

The table below summarises recent standards, amendments and interpretations issued but not adopted in the 2023–24 financial year.

Standard	Current status
IFRS 17 Insurance Contracts	Effective for accounting periods beginning on or after 1 January 2023. However this Standard is not yet adopted by the FReM. Expected adoption by the FReM from April 2025. IFRS 17 will have no impact on NHS Shetland's accounts as none of its liabilities involve or will involve a contractual transfer of risk

Basis of Consolidation

Consolidation

In accordance with IFRS10—Consolidated Accounts, the accounts consolidate the NHS Shetland Endowment Funds and the IJB which are both considered material to NHS Shetland.

[NHS Endowment Funds](#) were established by the NHS (Scotland) Act 1978. The legal framework under which charities operate in Scotland is the Charities and Trustee Investment (Scotland) Act 2005. Under the 1978 Act Endowment Trustees are also members of the NHS Board. The Board Members, who are also Trustees, are appointed by Scottish Ministers.

The NHS Shetland Endowment Fund is a Registered Charity with the OSCR and is required to prepare and submit Audited accounts to OSCR on an annual basis.

The basis of consolidation used is merger accounting. Any intragroup transactions between the Board and the Endowment Fund have been eliminated on consolidation. [Note 21](#) details how these consolidated accounts have been calculated.

Unaudited accounts for the Endowment Fund and IJB have been used as a basis for the calculations and consolidation.

The IJB was formally constituted on 27 June 2015 under the Public Bodies (Joint Working) (Scotland) Act 2014. The basis of consolidation used is the equity method.

Going Concern

The going concern assumption remains appropriate on the basis of continued service provision as defined in the FReM.

Approximately 95% of NHS Shetland costs are directly funded by allocations received from the Scottish Government. There continues to be a general climate of uncertainty across NHS Scotland but there is no indication from the Scottish Government that the structure of Health Boards in Scotland will change. It is therefore likely that NHS Shetland will exist, in its current form, for the foreseeable future.

Accounting Convention

The accounts are prepared on a historical cost basis, as modified by the revaluation of property at fair value as determined by the relevant accounting standards and the FReM.

Funding

Most of the expenditure of the Health Board as Commissioner is met from funds advanced by the Scottish Government within an approved RRL. Cash drawn down to fund expenditure within this approved RRL is credited to the general fund.

All other income receivable by the Board that is not classed as funding is recognised in the year in which it is receivable.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Non-discretionary funding out with the RRL is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, dental or ophthalmic services identified by the Scottish Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Statement of Resource Out-turn.

Funding for the acquisition of capital assets received from the Scottish Government is credited to the general fund when cash is drawn down.

Expenditure on goods and services is recognised when and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in the Statement of Comprehensive Net Expenditure except where it results in the creation of a non-current asset such as property, plant and equipment.

Property, plant and equipment

The treatment of capital assets in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the NHS Capital Accounting Manual.

Title to properties included in the accounts is held by Scottish Ministers.

Recognition

Property, Plant and Equipment is capitalised where: it is held for use in delivering services or for administrative purposes; it is probable that future economic benefits will flow to, or service potential be provided to, the Board; it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

All assets falling into the following categories are capitalised:

1. Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5k.
2. In cases where a new hospital would face an exceptional write-off of items of equipment costing individually less than £5k, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.
3. Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20k

in total, or where they are part of the initial costs of equipping a new development and total over £20k.

Measurement

• Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

All assets are measured subsequently at fair value as follows:

- Specialised NHS Land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as specified in the FReM.
- Non-specialised land and buildings, such as offices, are stated at fair value.

Valuations of all land and building assets are reassessed by valuers under a three-year programme of professional valuations and adjusted in intervening years to take account of movements in prices since the latest valuation. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

The Board operates on a three-year programme of professional valuations with the latest full valuation of the estate taking place as at 31 March 2023. The next full valuation of the estate is scheduled to take place at 31 March 2026. For the financial year 2023–24 an index of +3% (after depreciation) was applied to specialised NHS buildings on the advice of the Board's professional valuers, Gerald Eve LLP. Land, non-specialist buildings and equipment had no index applied.

Non-specialised equipment, installations and fittings are valued at fair value. Boards value such assets using the most appropriate valuation methodology available (for example, appropriate indices). A depreciated historical cost basis as a proxy for fair value in respect of such assets which have short useful lives or low values (or both).

Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

To meet the underlying objectives established by the Scottish Government the following accepted variations of the RICS Appraisal and Valuation Manual have been required:

- Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.

- **Subsequent expenditure**

Subsequent expenditure is capitalised into an asset's carrying value when it is probable the future economic benefits associated with the item will flow to the Board and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria the expenditure is charged to the Statement of Comprehensive Net Expenditure. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

- **Revaluations and Impairment**

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together.

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Gains and losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

- **Depreciation**

Items of Property, Plant and Equipment are depreciated to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Depreciation is charged on each main class of tangible asset as follows:

1. Freehold land is considered to have an infinite life and is not depreciated.
2. Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
3. Buildings, Dwellings and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
4. Plant and Machinery, Transport Equipment, IT and Furniture and Fittings are depreciated over the estimated life of the asset.

Depreciation is charged on a straight-line basis.

The following asset lives have been used:

Asset Category	Component	Useful Life
Land		Unlimited
Buildings [*]	Various	As determined by valuer
Dwellings		As above
Transport Equipment		5 to 15 years
Plant and Machinery		5 to 15 Years
IT		5 to 10 years
Furniture and Fittings		5 to 15 years

[*] Buildings (and component parts of buildings) range in life from four years to 85 years as determined by the valuer.

Intangible Assets

• Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Board's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential will be provided to, the Board and where the cost of the asset can be measured reliably.

Intangible assets that meet the recognition criteria are capitalised when they are capable of being used in a Board's activities for more than one year and they have a cost of at least £5k.

The main classes of intangible assets recognised are:

• Software

Software which is integral to the operation of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset.

• Measurement

Valuation:

- Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.
- Subsequently intangible assets are measured at amortised historic cost.

- **Amortisation**

Intangible assets are amortised to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

All intangible assets have been purchased and amortisation is charged to the Statement of Comprehensive Net Expenditure on each main class of intangible asset as follows:

1. IT Software. Amortised over their expected useful life.

Amortisation is charged on a straight-line basis.

The following asset lives have been used:

Asset Category	Useful Life
Software	10

- **Donated Assets**

Non-current assets that are donated or purchased using donated funds are included in the Statement of Financial Position initially at the current full replacement cost of the asset. The accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual.

There were £0.500m donated assets acquired by the Board during 2023–24. This represents a donation from Shetland Charitable Trust as a contribution towards the construction costs of the MRI Scanner building.

- **Sale of Property, plant and equipment, intangible assets and non-current assets held for sale**

Disposal of non-current assets is accounted for as a reduction to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the Statement of Comprehensive Net Expenditure. Non-current assets held for sale will include assets transferred from other categories and will reflect any resultant changes in valuation.

Leasing

- **Scope and classification**

Leases are contracts, or parts of a contract that convey the right to use an asset in exchange for consideration. The FReM expands the scope of IFRS16 to include arrangements with nil consideration. The standard is also applied to accommodation sharing arrangements with other government departments.

Contracts or parts of contract that are leases in substance are determined by evaluating whether they convey the right to control the use of an identified asset, as

represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use.

The following are excluded:

- Contracts for low-value items, defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and
- Contracts with a term shorter than twelve months (comprising the non-cancellable period plus any extension options that are reasonably certain to be exercised and any termination options that are reasonably certain not to be exercised).
- **Initial recognition**

At the commencement of a lease (or the IFRS16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

- **Subsequent measurement**

The asset is subsequently measured using the fair value model. The cost model is considered to be a reasonable proxy except for leases of land and property without regular rent reviews. For these leases, the asset is carried at a revalued amount. In these accounts, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration have been valued using market prices or rentals for equivalent land and properties. The liability is adjusted for the accrual of interest, repayments, and reassessments and modifications. These are measured by re-discounting the revised cash flows.

- **Lease expenditure**

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or shorter than twelve months are expensed.

- **Estimates and judgements**

The Board determines the amounts to be recognised as the right-of-use asset and lease liability for embedded leases based on the stand-alone price of the lease and non-lease component or components. This determination reflects prices for leases of the underlying asset, where these are observable; otherwise, it maximises the use of other observable data, including the fair values of similar assets, or prices of contracts for similar non-lease components. In some circumstances, where stand-alone prices are not readily observable, the entire contracts are treated as a lease as a practical expedient. The FReM requires right-of-use assets held under “peppercorn” leases to be measured at existing use value.

Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell, and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the SoCNE are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

General Fund Receivables and Payables

Where the Health Board has a positive net cash book balance at the year-end, a corresponding creditor is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where the Health Board has a net overdrawn cash position at the year-end, a corresponding debtor is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

Inventories

Inventories are valued at the lower of cost and net realisable value. Taking into account the high turnover of NHS inventories, the use of average purchase price is deemed to represent current cost. Work in progress (WIP) is valued at the cost of the direct materials plus the conversion costs and other costs incurred to bring the goods up to their present location, condition and degree of completion. There are no WIP at 31 March 2024.

Losses and Special Payments

Operating expenditure includes certain losses which would have been made good through insurance cover had the NHS not been bearing its own risks. Had the NHS provided insurance cover, the insurance premiums would have been included as normal revenue expenditure.

Employee Benefits:

- **Short-term Employee Benefits**

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the accounts to the extent that employees are permitted to carry-forward leave into the following year.

- **Pension Costs**

The Board participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the Statement of Comprehensive Net Expenditure at the time the Board commits itself to the retirement, regardless of the method of payment.

Clinical and Medical Negligence Costs

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold are reimbursed to Boards from a central fund held as part of CNORIS by the Scottish Government.

NHS Shetland provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the claim and those in 'category 1' as nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from the CNORIS in the event of payment by an individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

NHS Shetland also provides for its liability from participating in the scheme. The Participation in CNORIS provision recognises the Board's respective share of the total liability of NHS Scotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in Annually Managed Expenditure (AME) provision and is classified as non-core expenditure.

Related Party Transactions

Material related party transactions are disclosed in [Note 20](#) in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in [Note 4](#).

Value Added Tax (VAT)

Most of the activities of the Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Provisions

The Board provides for legal or constructive obligations that are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by HM Treasury.

Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in [Note 14](#) where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in [Note 14](#), unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Corresponding Amounts

Corresponding amounts are shown for the primary statements and notes to the accounts. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, IAS 1 'Presentation of accounts', requires that they should be adjusted and the basis for adjustment disclosed in a note to the accounts.

Financial Instruments

• Financial assets

- Business Model:

The Board's business model refers to how it manages its financial assets in order to generate cash flows and is determined at a level which reflects how groups of financial assets are managed to achieve a business objective, rather than assessment of individual instruments.

- Classification:

When the Board first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. The Board classifies its financial assets in the following categories: at fair value through profit or loss, amortised cost, and fair value through other comprehensive income. The default basis for financial assets is to be held at fair value through profit or loss, although alternative treatment may be designated where receivables are held to collect principal and interest and/or for sale.

- a) Financial assets at fair value through profit or loss

This is the default basis for financial assets.

- b) Financial assets held at amortised cost.

A financial asset may be held at amortised cost where both of the following conditions are met:

- i. the financial asset is held within a business model where the objective is to collect contractual cash flows; and

- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

c) Financial assets at fair value through other comprehensive income

A financial asset may be held at fair value through other comprehensive income where both of the following conditions are met:

- i. the financial asset is held within a business model where the objective is to collect contractual cash flows and sell the asset; and
- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

- Impairment of financial assets:

Provisions for impairment of financial assets are made on the basis of expected credit losses. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.

Lifetime expected credit losses are recognised and applied to financial assets by the Board where there has been a significant increase in credit risk since the asset's initial recognition. Where the Board does not hold reasonable and supportable information to measure lifetime expected credit losses on an individual instrument basis, the losses are recognised on a collective basis which considers comprehensive credit risk information.

- Recognition and measurement:

Financial assets are recognised when the Board becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

a) Financial assets at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Net Expenditure.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

b) Financial assets held at amortised cost.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of the asset.

c) Financial assets held at fair value through other comprehensive income

- **Financial Liabilities**

- Classification:

The Board classifies its financial liabilities in the following categories: at fair value through profit or loss, and amortised cost. The Board classifies all financial liabilities as measured at amortised cost, unless:

- these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
- they contain embedded derivatives; and/or
- it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. The NHS Board does not trade in derivatives and does not apply hedge accounting.

b) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are disclosed in current liabilities, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current liabilities. The NHS Board's financial liabilities held at amortised cost comprise trade and other payables in the Statement of Financial Position.

- Recognition and measurement:

Financial liabilities are recognised when the NHS Board becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the Statement of Financial Position when it is extinguished, that is when the obligation is discharged, cancelled or expired.

a) Financial liabilities at fair value through profit or loss.

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

b) Amortised costs

Financial liabilities held at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the executive management team of the Board. Operating segments represent the Directorates of the Board which are in line with the internal management and reporting structure.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held with the Government Banking Service, balances held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Where the Government Banking Service is using Royal Bank of Scotland Group to provide the banking services, funds held in these accounts should not be classed as commercial bank balances.

Key sources of judgement and estimation uncertainty

The Board makes subjective and complex judgements in applying its accounting policies and relies on a range of estimation techniques and assumptions concerning uncertain future events. It is recognised that sources of estimation uncertainty are likely to vary from year to year and the resulting accounting estimates will, by definition, seldom equal the related actual results. As such, key judgements and estimates are continually reviewed, based on historical experience and other factors, including changes to past assumptions and expectations of future events that are believed to be reasonable under the circumstances.

The key judgements and estimations exercised in the application of the Board's accounting policies which have the most significant effect on the carrying amounts in the accounts are summarised below:

Judgements		
Area	Description	Sensitivities
Pensions	The NHS pension is treated as a defined contribution scheme as its assets and liabilities are not separately identifiable.	
Basis of Consolidation	The Endowment funds is a subsidiary due to control and is consolidated on a line by line basis. The Directors of NHS Shetland are also the Trustees of the Endowment funds.	

Judgements		
Area	Description	Sensitivities
Basis of consolidation (continued)	In line with statutory guidance issued by the Integrated Resources Advisory Group (IRAG) IJBs are deemed to be joint ventures. In accordance with IFRS11 Joint Arrangements, the primary accounts have been amended for the additional disclosure required to accurately reflect the Board's 50% interest in IJBs using the equity method of accounting.	
Estimates		
Area	Description	Sensitivities
Accruals	The Board has placed significant reliance on estimation and judgement based on best available evidence to quantify amounts accrued in the accounts.	
Provisions— Clinical and Medical Negligence claims (Note 13)	The Board has provided for estimated costs relating to clinical and medical negligence, and reliance has been placed on details provided by the NHS Scotland Central Legal Office in order to quantify amounts provided.	There are two outstanding claims (Level 1, Contingent Liabilities) at 31 March 2024 but each new claim arising may cost NHS Shetland up to £0.025m in line with the CNORIS threshold (Note 13b).
Non-current Assets— Valuation of land and buildings (Note 7a)	The Board commissioned a valuation of land and buildings as part of its three-year rolling program as at 31 March 2023. For the financial year to 31 March 2024 index of +3% has been applied to specialist buildings on the advice of the Board's professional valuers.	Depreciation for 2023–24 was £1.465m (Note 7a). A 1% increase in valuation would increase next year's depreciation by £0.015m.

Note 2—Notes to the Cash Flow Statement

- 2a. Summary of Resource Out-turn (SoRO) for the Year Ended 31 March 2024
- Summary of Core Revenue Resource Out-turn

		2024
Summary of Core Revenue Resource Out-turn	Note	£000
Net expenditure	<u>SoCNE</u>	84,577
Total non-core expenditure (see below)		(2,813)
Family Health Services non-discretionary allocation		(2,077)
Endowment net expenditure		23
Associates and joint ventures accounted for on an equity basis		(292)
Total core expenditure		79,418
Core RRL		79,418
Saving against Core RRL		0

- Summary of Non-Core Revenue Resource Out-turn

		2024
Summary of Non-Core Revenue Resource Out-turn	Note	£000
Depreciation/amortisation	7a	2,484
Right of Use (RoU) Asset Depreciation	17a	719
AME—impairments	7a	6
AME—provisions		70
AME—depreciation of donated assets		34
Donated assets income		(500)
Total Non-Core Expenditure		2,813
Non-Core RRL		2,813
Saving against Non-Core RRL		0

The Notes to the Accounts, numbered 1 to 21, form an integral part of these Accounts.

- **Summary Resource Out-turn**

Summary Resource Out-turn	Resource	Expenditure	Saving/(Excess)
	£000	£000	£000
Core	79,418	79,418	0
Non-Core	2,813	2,813	0
Total	82,231	82,231	0

- **2b. Consolidated adjustments for non-cash transactions**

2023			2024
£000		Note	£000
	Expenditure not paid in cash		
1,936	Depreciation	7a	2,483
39	Depreciation of donated assets	7a	34
642	Depreciation (RoU) Assets		719
3	Impairments of PPE (personal protective equipment) charged to SoCNE		6
0	Funding of Donated Assets	7a	(500)
1,386	Associates and joint ventures accounted for on an equity basis	SoCNE	292
0	Net investments additions—funds held on trust		61
4,006	Total expenditure not paid in cash	CFS	3,095

- **2c. Consolidated movements in working capital**

2023		2024			
Net movement		Note	Opening balances	Closing balances	Net Movement
£000			£000	£000	£000
	Inventories				
(113)	SoFP	8	641	751	(110)
	Trade and other Receivables				

2023		2024			
Net movement		Note	Opening balances	Closing balances	Net Movement
£000			£000	£000	£000
(3,178)	Due within one year	9	5,563	3,771	
0	Less: Capital included in the above		0	(500)	
(3,178)	Net (increase)/decrease		5,563	3,271	2,292
	Trade and other Payables				
(3,637)	Due within than one year	12	12,881	9,702	
1,277	Due after more than one year		1,277	1,198	
0	Less: Capital included above		0	(432)	
14	Less: General Fund creditor included in above	12	(176)	(153)	
(1,277)	Less: lease creditors included in above		(1,277)	(1,198)	
(3,623)	Net decrease/ (increase)				(3,588)
	Provisions				
	Statement of Financial Position	13a	2,101	2,181	
54	Net decrease/ (increase)				80
(6,860)	Net movement (decrease)/ increase	CFS			(1,326)

Note 3—Expenditure

- 3a. Staff costs

2023			2024	2024
Total			Board	Consolidated
£000		Note	£000	£000
12,855	Medical and Dental		12,431	12,431
15,780	Nursing		15,124	15,124
21,361	Other Staff		21,831	21,831
49,996	Total	SoCNE	49,386	49,386

- 3b. Other operating expenditures

2023		2024	2024
Total		Board	Consolidated
£000		£000	£000
	Independent Primary Care Services:		
1,292	General Medical Services [1]	1,002	1,002
1,196	Pharmaceutical Services	1,257	1,257
526	General Dental Services [2]	691	691
428	General Ophthalmic Services	489	489
3,442	Total	3,439	3,439
	Drugs and medical supplies:		
4,751	Prescribed drugs Primary Care	5,677	5,677
2,831	Prescribed drugs Secondary Care	3,464	3,464
119	PPE and testing kits	54	54
1,846	Medical Supplies	1,967	1,967
9,547	Total	11,162	11,162
	Other health care expenditure		
38,903	Contribution to IJBs	38,010	38,010

2023		2024	2024
Total		Board	Consolidated
£000		£000	£000
9,647	Goods and services from other NHS Scotland bodies	9,476	9,476
23	Goods and services from other UK NHS bodies	17	17
906	Goods and services from private providers	259	259
0	Goods and services from voluntary organisations	29	29
1,618	Resource Transfer	1,650	1,650
11,170	Other operating expenditure	12,459	12,459
95	External Auditor—statutory audit fee	101	101
0	External Auditor—other services—share of IJB audit fee	0	0
65	Endowment Fund expenditure	0	108
62,427	Total	62,001	62,109
75,416	Total Other Operating Expenditure	76,602	76,710

[1] This figure represents the costs of the independent GP practices only. The total cost of services in 2023–24, including Board run practices, is £7.396m (2022–23, £7.780m).

[2] This figure represents the costs of the independent dental practices only. The total cost of services in 2023–24, including Board run practices, is £3.735m (2022–23, £3,626k).

Note 4—Operating Income

2022			2023	2023
Total			Board	Consolidated
£000		Note	£000	£000
71	Income from Scottish Government		86	86
1,090	Income from other NHS Scotland bodies		1,303	1,303
145	Income from NHS non-Scottish bodies		149	149
39,955	Income for services commissioned by IJB		37,182	37,182
129	Patient charges for primary care		209	209
0	Donations [1]		500	500
319	Contributions in respect of clinical and medical negligence claims		0	0
	Non NHS:			
5	Overseas patients (non-reciprocal)		15	15
51	Endowment Fund Income		0	131
598	Other		2,236	2,236
42,363	Total Income	SoCNE	41,680	41,811

[1] Donations represent funding from Shetland Charitable Trust to support the MRI Scanner project.

Note 5—Segmental Analysis

- 5a. Segmental Analysis 2024

		Net Operating Costs	Total assets	Total liabilities
Directorate of Acute and Specialist Services	£000	24,772	13,477	(3,832)
Directorate of Community Health & Social Care	£000	31,217	16,983	(4,828)
Off-island Clinical Services	£000	13,482	7,334	(2,085)
Public Health	£000	1,895	1,031	(293)
Support Services	£000	13,211	7,187	(2,043)
2024	£000	84,577	46,012	(13,081)

- 5b. Segmental Analysis Previous Year, 2023

		Net Operating Costs	Total assets	Total liabilities
Directorate of Acute and Specialist Services	£000	24,782	13,811	(4,772)
Directorate of Community Health & Social Care	£000	28,970	16,145	(5,578)
Off-island Clinical Services	£000	12,893	7,185	(2,483)
Public Health	£000	2,516	1,402	(485)
Support Services	£000	15,274	8,512	(2,941)
2023	£000	84,435	47,056	(16,259)

Note 6—Intangible Assets

- 6a. Intangible assets (non-current)—Consolidated and Board

		IT Software	Total
	Note	£000	£000
Cost or Valuation:			
At 1 April 2023		97	97
At 31 March 2024		97	97
Amortisation			
At 1 April 2023		97	97
Provided during the year		0	0
At 31 March 2024		97	97
Net book value at 1 April 2023		0	0
Net book value at 31 March 2024		0	0

- 6b. Intangible assets (non-current)—Consolidated and Board—Prior year

		IT Software	Total
	Note	£000	£000
Cost or Valuation:			
At 1 April 2022		97	97
At 31 March 2023		97	97
Amortisation			
At 1 April 2022		97	97
Provided during the year		0	0
At 31 March 2023		97	97
Net book value at 1 April 2022		0	0
Net book value at 31 March 2023		0	0

Note 7a—Property, Plant and Equipment—Consolidated and Board

	Land	Buildings	Dwellings	Trans Equip	Plant & Machinery	ICT	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2023	632	26,362	2,260	0	9,314	1,769	30	0	40,367
Additions—purchased	0	54	0	0	91	0	0	1,934	2,079
Additions - donated	0	0	0	0	0	0	0	500	500
Revaluations	0	790	29	0	0	0	0	0	819
Disposals—purchased	0	0	0	0	(171)	(62)	0	0	(233)
At 31 March 2024	632	27,206	2,289	0	9,234	1,707	30	2,434	43,532
Depreciation									
At 1 April 2023	0	1	1	0	3,855	1,174	30	0	5,061
Provided during the year—purchased	0	1,353	112	0	838	180	0	0	2,483

	Land	Buildings	Dwellings	Trans Equip	Plant & Machinery	ICT	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Provided during the year—donated	0	0	0	0	34	0	0	0	34
Impairment charges	0	0	0	0	5	1	0	0	6
Revaluations	0	(73)	(2)	0	0	0	0	0	(75)
Disposal—purchased	0	0	0	0	(171)	(62)	0	0	(233)
At 31 March 2024	0	1,281	111	0	4,561	1,293	30	0	7,276
Net book value at 1 April 2023	632	26,361	2,259	0	5,459	595	0	0	35,306
Net book value at 31 March 2024	632	25,925	2,178	0	4,673	414	0	2,434	36,256
Asset financing:									
Owned—purchased	632	25,925	2,178	0	4,633	414	0	1,934	35,716
Owned—donated	0	0	0	0	40	0	0	500	540

	Land	Buildings	Dwellings	Trans Equip	Plant & Machinery	ICT	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2024	632	25,925	2,178	0	4,673	414	0	2,434	36,256

Note 7a—Property, Plant and Equipment—Consolidated and Board—Prior Year

	Land	Buildings	Dwellings	Trans Equip	Plant & Machinery	ICT	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2022	577	25,921	1,989	0	8,619	1,769	30	995	39,900
Additions—purchased	0	0	0	0	702	0	0	978	1,680
Transfers between asset categories	85	1,973	(85)	0	0	0	0	(1,973)	0
Transfer to Asset held for sale	(30)	(120)	0	0	0	0	0	0	(150)
Revaluations	0	(1,412)	356	0	0	0	0	0	(1,056)
Disposals—purchased	0	0	0	0	(4)	0	0	0	(4)
Impairment charges	0	0	0	0	(3)	0	0	0	(3)
At 31 March 2023	632	26,362	2,260	0	9,314	1,769	30	0	40,367
Depreciation									

	Land	Buildings	Dwellings	Trans Equip	Plant & Machinery	ICT	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2022	0	1,770	108	0	3,035	967	30	0	5,910
Provided during the year—purchased	0	881	63	0	785	207	0	0	1,936
Provided during the year—donated	0	0	0	0	39	0	0	0	39
Impairment charges	0	0	0	0	0	0	0	0	0
Revaluations	0	(2,650)	(170)	0	0	0	0	0	(2,820)
Disposal—purchased	0	0	0	0	(4)	0	0	0	(4)
Disposals—donated	0	0	0	0	0	0	0	0	0
At 31 March 2023	0	1	1	0	3,855	1,174	30	0	5,061
Net book value at 1 April 2022	577	24,151	1,881	0	5,584	802	0	0	33,990

	Land	Buildings	Dwellings	Trans Equip	Plant & Machinery	ICT	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2023	632	26,361	2,259	0	5,459	595	0	0	35,306
Asset financing:									
Owned—purchased	632	26,361	2,259	0	5,385	595	0	0	35,232
Owned—donated	0	0	0	0	74	0	0	0	74
Net book value at 31 March 2023	632	26,361	2,259	0	5,459	595	0	0	35,306

Note 7b—Assets Held for Sale—Consolidated and Board

	Land and Property	Total
	2024	2024
	£000s	£000s
At 1 April 2023	150	150
At 31 March 2024	150	150

Asset held for sale—90 St Olaf Street building, which was formerly a dental practice.
Prior year—£150k.

Note 7c—Property, Plant and Equipment Disclosures

Consolidated	Board			Consolidated	Board
2023	2023			2024	2024
£000	£000		Note	£000	£000
		Net book value of property, plant and equipment at 31 March			
35,232	35,232	Purchased		35,716	35,716
74	74	Donated		540	540
35,306	35,306	Total	<u>SoFP</u>	36,256	36,256
632	632	Net book value related to land valued at open market value at 31 March		662	662
26,361	26,361	Net book value related to buildings valued at open market value at 31 March		28,223	28,223

Land and buildings were fully revalued by an independent valuer, Gerald Eve, at 31 March 2023 on the basis of fair value. A full revaluation will be carried out again on 31 March 2026 in line with the Board's three-year cycle.

In the interim years between full valuations, indexation advice is sought from Gerald Eve. For the year ending 31 March 2024 index of +3% (after depreciation) has been applied to specialist buildings resulting in a net gain of £0.894m. All revaluation gains have been set against the revaluation reserve.

Valuations of land and building assets have been prepared having regard to the contents of the RICS Valuation—Global Standards UK (January 2020) and specifically the appropriate bases of valuation for IFRSs. It is provided within these Standards (and associated RICS Practice Statements) that:

- a) for those properties that are owner-occupied and are of a non-specialised nature, the basis of valuation is Fair Value assuming ongoing operational use,
- b) for properties which are either owned but not occupied by the Board or have been declared surplus, these are also to be valued on the basis of Fair Value. Fair value is defined as “The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. (In this context, Fair Value is generally taken to be the equivalent of the RICS definition of Market Value); and
- c) for properties that are owner-occupied but are of a specialist nature, where few, if any, open market transactions involving a continuation of the existing use occur, then the basis of valuation is also Fair Value but the Depreciated Replacement Cost method of valuation is appropriate set against the assumption of a continuation of the existing health care use for the foreseeable future.

Note 7d—Analysis of Capital Expenditure

Consolidated	Board			Consolidated	Board
2023	2023			2024	2024
£000	£000		Note	£000	£000
		Expenditure			
1,680	1,680	Acquisition of property, plant and equipment	7a	2,079	2,079
0	0	Donated asset additions (non-core)		500	500
0	0	Right of Use (RoU) additions		617	617
1,680	1,680	Gross Capital Expenditure		3,196	3,196
		Income			

Consolidated	Board			Consolidated	Board
2023	2023			2024	2024
£000	£000		Note	£000	£000
0	0	Capital Income		0	0
1,680	1,680	Net Capital Expenditure		3,196	3,196
1,680	1,680	Total CRL		3,196	3,196
0	0	Saving against Total CRL		0	0

Note 8—Inventories and Work in Progress

Consolidated	Board			Consolidated	Board
2023	2023			2024	2024
£000	£000		Note	£000	£000
641	641	Raw materials and consumables		751	751
641	641	Total inventories	<u>SoFP</u>	751	751

Note 9—Trade and Other Receivables

Consolidated	Board			Consolidated	Board
2023	2023			2024	2024
£000	£000		Note	£000	£000
		Receivables due within one year			
		NHS Scotland			
0	0	Scottish Government		4	4
369	369	Boards		299	299
369	369	Total NHS Scotland Receivables		303	303
59	59	NHS non-Scottish bodies		43	43
140	140	VAT recoverable		151	151
689	689	Prepayments		642	642
48	48	Accrued income		159	159
1,206	1,196	Other receivables		1,497	1,452
317	317	Reimbursement of provisions		0	0
2,735	2,735	Other public sector bodies		976	976
5,563	5,553	Total Receivables		3,771	3,726
369	369	NHS Scotland		299	299
140	140	Central Government bodies		151	151
2,735	2,735	Whole of Government bodies		976	976

Consolidated	Board			Consolidated	Board
2023	2023			2024	2024
£000	£000		Note	£000	£000
59	59	Balances with NHS bodies in England and Wales		43	43
2,260	2,250	Balances with bodies external to Government		2,302	2,257
5,563	5,553	Total		3,771	3,726
		Movements on the provision for impairment of receivables are as follows:			
53	53	At 1 April		31	31
5	5	Provision for impairment		4	4
(16)	(16)	Receivables written off during the year as uncollectable		0	0
(11)	(11)	Unused amounts reversed		(7)	(7)
31	31	At 31 March		28	28

As of 31 March 2024, receivables with a carrying value of £0.028m (2022–23, £0.031m) were impaired and provided for. Ageing of these receivables is as follows:

Consolidated	Board		Consolidated	Board
2023	2023		2024	2024
£000	£000		£000	£000
0	0	3 to 6 months past due	0	0
31	31	Over 6 months past due	28	28
31	31		28	28

The receivables assessed as individually impaired were mainly private companies and individuals and it was assessed that not all of the receivable balance may be recovered.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2024, receivables with a carrying value of £0.780m (2022–23, £0.909m) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

Consolidated	Board		Consolidated	Board
2023	2023		2024	2024
£000	£000		£000	£000
695	695	Up to 3 months past due	498	498
58	58	3 to 6 months past due	54	54
156	156	Over 6 months past due	228	228
909	909		780	780

The receivables assessed as past due but not impaired were mainly NHS Scotland Health Boards, Local Authorities, Limited Companies and individuals. There is no history of default from these customers recently.

Concentration of credit risk is limited due to customer base being large and unrelated/government bodies. Due to this, management believe that there is no future credit risk provision required in excess of the normal provision for doubtful receivables.

The credit quality of receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available. Where no external credit rating is available, historical information about counterparty default rates is used.

Receivables that are neither past due nor impaired are shown by their credit risk below: Consolidated	Board		Consolidated	Board
2023	2023		2024	2024
£000	£000		£000	£000
5,563	5,563	Existing customers with no defaults in the past	3,771	3,726
5,563	5,563	Total neither past due or impaired	3,771	3,726
The maximum exposure to credit risk is the fair value of each class of receivable. The NHS Board does not hold any collateral as security.				
		The carrying amount of receivables are denominated in the following currencies:		
5,563	5,563	Pounds	3,771	3,726
5,563	5,563		3,771	3,726

All current receivables are due within 1 year (2022–23, 1 year) from the reporting date. The carrying amount of short-term receivables approximates their fair value. The fair value of long-term other receivables are £0 (2022–23, £0). The effective interest rate on non-current other receivables is 0% (2022–23, 0%).

Note 10—Investments

Consolidated	Board		Note	Consolidated	Board
2023	2023			2024	2024
£000	£000			£000	£000
1,437	0	Other		1,507	0
1,437	0	Total	SoFP	1,507	0
1,480	0	At 1 April		1,437	0
134	0	Additions	CFS	127	0
(100)	0	Disposals		(119)	0
(77)	0	Revaluation surplus / (deficit) transferred to equity		62	0
1,437	0	At 31 March		1,507	0
1,437	0	Non-current	SoFP	1,507	0
1,437	0	Total		1,507	0

Note 11—Cash and Cash Equivalents

		2024
	Note	£000
Balance at 1 April		1,759
Net change in cash and cash equivalent balances	CFS	12
Balance at 31 March	SoFP	1,771
Total Cash—Cash Flow Statement		1,771
The following balances at 31 March were held at:		
Government Banking Service		100
Commercial banks and cash in hand		53
Endowment cash		1,618
Balance at 31 March		1,771

Note 12—Trade and Other Payables

Consolidated	Board		Note	Consolidated	Board
2023	2023			2024	2024
£000	£000			£000	£000
		Payables due within one year			
		NHS Scotland			
2,601	2,601	Boards		1,866	1,866
2,601	2,601	Total NHS Scotland Payables		1,866	1,866
19	19	NHS Non-Scottish bodies		4	4
176	176	Amounts payable to General Fund		153	153
1,381	1,381	FHS practitioners		1,427	1,427
653	653	Trade payables		682	682
3,500	3,500	Accruals		2,315	2,315
137	137	Deferred income		80	80
935	935	Income tax and social security		964	964
712	712	Superannuation		783	783
801	801	Holiday pay accrual		539	539
1,169	1,169	Other public sector bodies		75	75
12	0	Other payables		59	0
785	785	Pay accrual		755	755
		Payables due after more than one year			
1,277	1,277	Net obligation under leases due after 2		1,198	1,198

Consolidated	Board		Note	Consolidated	Board
2023	2023			2024	2024
£000	£000			£000	£000
		years but within 5 years			
14,158	14,146	Total payables		10,900	10,841
		WGA Classification			
2,601	2,601	NHS Scotland		1,866	1,866
1,647	1,647	Central Government bodies		1,747	1,747
1,169	1,169	Whole of Government bodies		75	75
19	19	Balances with NHS bodies in England and Wales		4	4
8,722	8,710	Balances with bodies external to Government		7,208	7,149
14,158	14,146	Total		10,900	10,841
		The carrying amount of payables are denominated in the following currencies:			
14,158	14,146	Pounds		10,900	10,841
14,158	14,146			10,900	10,841

Note 13—Provisions

- 13a. Provisions—Consolidated and Board

	Pensions arising from Staff Early Retirement	Clinical and Medical Legal Claims against NHS Board	Participation in CNORIS	Other	2024 Total
	£000	£000	£000	£000	£000
At 1 April 2023	152	0	1,876	73	2,101
Arising during the year	24	0	145	42	211
Utilised during the year	(22)	0	(100)	0	(122)
Unwinding of discount	(6)	0	0	0	(6)
Reverse unutilised	(3)	0	0	0	(3)
At 31 March 2024	145	0	1,921	115	2,181

Further details on Provision are included in [note 1](#)—Accounting Policies.

- Pensions arising from Staff Early Retirement**

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate, currently 2.45% as advised by PES (2023) 10, (2022–23, 1.70%). The Board expects expenditure to be charged to this provision for a period of up to 16 years.

- Clinical and Medical Legal Claims against NHS Board and Participation in CNORIS**

The amounts shown above in relation to Clinical and Medical Legal Claims against NHS Shetland are stated gross and the amount of any expected reimbursements are

separately disclosed as receivables in [note 9](#). Further details are disclosed in [note 13b](#) along with participation in NHS Scotland CNORIS.

- **Other**

Relating to the Payment As If At Work liability in respect of former employees of NHS Shetland and staff back pay.

- **Analysis of expected timing of discounted flows to 31 March 2024**

	Pensions arising from Staff Early Retirement	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other	2024 Total
	£000	£000	£000	£000	£000
Payable in one year	22	0	480	115	617
Payable between 2–5 years	79	0	1,168	0	1,247
Payable between 6–10 years	36	0	100	0	136
Thereafter	8	0	173	0	181
At 31 March 2024	145	0	1,921	115	2,181

- **Provisions—Consolidated and Board (Prior Year)**

	Pensions arising from Staff Early Retirement	Clinical and Medical Legal Claims against NHS Board	Participation in CNORIS	Other	2023 Total
	£000	£000	£000	£000	£000
At 1 April 2022	186	116	1,684	61	2,047
Arising during the year	15	0	192	12	219

	Pensions arising from Staff Early Retirement	Clinical and Medical Legal Claims against NHS Board	<u>Participation in CNORIS</u>	Other	2023 Total
	£000	£000	£000	£000	£000
Utilised during the year	(22)	(13)	0	0	(35)
Unwinding of discount	(27)	0	0	0	(27)
Reversed unutilised	0	(103)	0	0	(103)
At 31 March 2023	152	0	1,876	73	2,101

The amounts shown above in relation to Clinical and Medical Legal Claims against NHS Shetland are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in [note 9](#).

- **Analysis of expected timing of discounted flows to 31 March 2023 (prior year)**

	Pensions arising from Staff Early Retirement	Clinical & Medical Legal Claims against NHS Board	<u>Participation in CNORIS</u>	Other	2023 Total
	£000	£000	£000	£000	£000
Payable in one year	21	0	468	73	562
Payable between 2–5 years	80	0	1,141	0	1,221
Payable between 6–10 years	40	0	97	0	137

	Pensions arising from Staff Early Retirement	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other	2023 Total
	£000	£000	£000	£000	£000
Thereafter	11	0	170	0	181
At 31 March 2023	152	0	1,876	73	2,101

• **13b. Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)**

2023		Note	2024
£000			£000
0	Provision recognising individual claims against the NHS Board as at 31 March	13a	0
(317)	Associated CNORIS receivable at 31 March	9	0
1,876	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	13a	1,921
1,559	Net Total Provision relating to CNORIS at 31 March		1,921

CNORIS has been in operation since 2000. Participation in the scheme is mandatory for all NHS Boards in Scotland.

The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly from within Boards' own budgets. Participants, for example NHS Boards, contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS Board. If a claim is settled the Board will be reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility to which individual Boards are exposed.

When a legal claim is made against an individual Board, the Board will assess whether a provision or contingent liability for that legal claim is required based upon NHS Central Legal advice. If a provision is required then the Board will also create

an associated receivable recognising reimbursement from the scheme if the legal claim settles. The provision and associated receivable are shown in the first two lines above. The receivable has been netted off against the provision to reflect reimbursement from the scheme.

As a result of participation in the scheme, Boards should also recognise that they will be required to make contributions to the scheme in future years. Therefore a second provision that recognises the Board's share of the total CNORIS liability of NHS Scotland has been made and this is reflected in third line above.

Therefore there are two related but distinct provisions required as a result of participation in the scheme. Both of these provisions as well as the associated receivable have been shown in the note above to aid the reader's understanding of CNORIS. Further information can be found on [the CNORIS website](#).

Note 14—Contingent Liabilities

The following contingent liabilities have not been provided for in the accounts:

2023		2024
£000		£000
	Nature	
0	Clinical and medical compensation payments	20
0	Total Contingent Liabilities	20

The contingent liabilities above relate to two outstanding clinical and medical legal claims against the Board which have been categorised as risk factor one by Central Legal Office.

Note 15—Events after the end of the reporting year

None.

Note 16—Commitments

- **Capital Commitments**

The Board has the following capital commitments which have not been provided for in the accounts:

2023		2024
£000		£000
	Contracted	
3,010	MRI Scanner	2,256
	Authorised but not Contracted	
735	Estates capital projects	0
285	Statutory compliance & backlog maintenance	360
30	Medical equipment	550
50	ICT Projects (Tangible)	199
4,110	Total	3,365

Note 17—Leases Assets

- **Note 17a—Right of Use Assets (RoU)—Consolidated and Board**

	Buildings	Transport Equipment	Plant & Machinery	Total
	£000s	£000s	£000s	£000s
Cost at 31 March 2023	886	224	960	2,070
Additions	0	617	0	617
Depreciation at 1 April 2023	133	77	432	642
Depreciation provided during the year	131	172	416	719
Net book Value at 31 March 2024	622	592	112	1,326

Please see Accounting Policies for further information on RoU assets and IFRS16.

There are seven property leases—one is a GP practice building in Scalloway, one is a mixed residential/office unit, and the remaining five are office space. The significant plant and machinery lease is for a Laboratory Managed Service Contract which expires in July 2024.

• **Note 17b—Lease Liabilities—Consolidated and Board**

	Buildings	Transport Equipment	Plant and Machinery	Total
	£000s	£000s	£000s	£000s
Total Lease liability at 31 March 2024	494	592	112	1,198

• **Amounts recognised in the SoCNE—Consolidated and Board**

	£000s
Depreciation	719
Interest Expense	53
Total	772

Note 18—Pension Costs

	2024	2023
	£000	£000
Pension cost charge for the year	6,300	5,899
Additional costs arising from early retirement	15	22
Provisions / liabilities / prepayments included in the Statement of Financial Position	145	152

Pension Scheme Declaration

(a) NHS Shetland participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The valuation carried out as at 31 March 2016 confirmed that an increase in the employer contribution rate from 14.9% to 20.9% was required from 1 April 2019 to 31 March 2023. The UK Government since confirmed that these employer rates would remain in place until 31 March 2024. In addition, member pension contributions over the period to 30 September 2023 have been paid within a range of 5.2% to 14.7% and have been anticipated to deliver a yield of 9.6%.

The valuation carried out as at 31 March 2020 confirmed that an increase in the employer contribution rate from 20.9% to 22.5% will be required from 1 April 2024 to 31 March 2027. In addition, member pension contributions since 1 October 2023 have been paid within a range of 5.7% to 13.7% and have been anticipated to deliver a yield of 9.8%.

(b) NHS Shetland has no liability for other employers' obligations to the multi-employer scheme

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme

(d)

(i) The scheme is an unfunded multi-employer defined benefit scheme.

(ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where NHS Shetland is unable to identify its share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate for the period from 1 April 2023 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

(iv) While a valuation was carried out as at 31 March 2016, work on the cost cap valuation was suspended by the UK Government following the decision by the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that the transitional protections provided as part of the 2015 reforms unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

(v) NHS Shetland's level of participation in the scheme is 0.44% based on the proportion of employer contributions paid in 2022-23.

• **The NHS Pension Scheme (Scotland) 2015**

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index. This continues until the member leaves the scheme or retires. In 2023–24 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings.

The normal pension age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

- **The existing NHS Superannuation Scheme (Scotland)**

This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire. Some members who were close to retirement when the NHS 2015 scheme launched continued to earn benefits in their current section. This affected members who were paying into the scheme on 1 April 2012 and were within 10 years of their normal retirement age. Some members who were close to retirement but did not qualify for full protection will remain in their current section beyond 1 April 2015 and join the 2015 scheme at a later date.

All other members automatically joined the NHS 2015 scheme on 1 April 2015.

Further information is available on the [Scottish Public Pensions Agency website](#).

- **National Employment Savings Trust (NEST)**

The Pensions Act 2008 and 2011 Automatic Enrolment regulations required all employers to enrol workers meeting certain criteria into a pension scheme and pay contributions toward their retirement. For those staff not entitled to join the NHS Superannuation Scheme (Scotland), the Board utilised an alternative pension scheme called NEST to fulfil its Automatic Enrolment obligations.

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £6,240 up to £50,270, but will be reviewed every year by the government. The initial employee contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set by government.

Date	Employee Contribution	Employer Contribution	Total Contribution
1 March 2013	1%	1%	2%
1 October 2018	3%	2%	5%
1 October 2019	5%	3%	8%

Pension members can choose to let NEST manage their retirement fund or can take control themselves and alter contribution levels and switch between different funds. If pension members leave the Board they can continue to pay into NEST.

NEST Pension members can take money out of NEST at any time from age 55. If suffering from serious ill health or incapable of working due to illness members can request to take money out of NEST early. They can take the entire retirement fund

as cash, use it to buy a retirement income or a combination. Additionally members can transfer their NEST retirement fund to another scheme.

Note 19—Financial Instruments

- Note 19a. Financial Instruments by Category
- Financial assets

Consolidated		Financial assets at fair value through OCI	Financial assets at amortised cost	Financial assets at fair value through profit/loss	Total
	Note	£000	£000	£000	£000
As at 31 March 2024					
Assets per Statement of Financial Position					
Investments	10	0	0	1,507	1,507
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	2,675	0	0	2,675
Cash and cash equivalents	11	1,771	0	0	1,771
		4,446	0	1,507	5,953

Board		Financial assets at fair value through OCI	Financial assets at amortised cost	Financial assets at fair value through profit/loss	Total
	Note	£000	£000	£000	£000
As at 31 March 2024					
Assets per Statement of Financial Position					
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	2,630	0	0	2,630
Cash and cash equivalents	11	153	0	0	153
		2,783	0	0	2,783

Consolidated (prior year)		Financial assets at fair value through OCI	Financial assets at amortised cost	Financial assets at fair value through profit/loss	Total
	Note	£000	£000	£000	£000
As at 31 March 2023					
Assets per Statement of Financial Position					
Investments	10	0	0	1,437	1,437
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	4,048	0	0	4,048
Cash and cash equivalents	11	1,759	0	0	1,759
		5,807	0	1,437	7,244

Board		Financial assets at fair value through OCI	Financial assets at amortised cost	Financial assets at fair value through profit/loss	Total
	Note	£000	£000	£000	£000
As at 31 March 2023					
Assets per Statement of Financial Position					
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	4,038	0	0	4,038
Cash and cash equivalents	11	176	0	0	176
		4,214	0	0	4,214

- **Financial Liabilities**

Consolidated		Liabilities at Fair Value through profit and loss	Financial liabilities at amortised cost	Total
	Note	£000	£000	£000
As at 31 March 2024				
Liabilities per Statement of Financial Position				
Lease liabilities	12	0	1,198	1,198
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	6,009	6,009
		0	7,207	7,207
Board		Liabilities at Fair Value through profit and loss	Financial liabilities at amortised cost	Total
	Note	£000	£000	£000
As at 31 March 2024				
Liabilities per Statement of Financial Position				
Lease liabilities		0	1,198	1,198
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	5,950	5,950
		0	7,148	7,148

Consolidated (prior year)		Liabilities at Fair Value through profit and loss	Financial liabilities at amortised cost	Total
	Note	£000	£000	£000
As at 31 March 2023				
Liabilities per Statement of Financial Position				
Lease liabilities	12	0	1,277	1,277
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	8,496	8,496
		0	9,773	9,773
Board		Liabilities at Fair Value through profit and loss	Financial liabilities at amortised cost	Total
	Note	£000	£000	£000
As at 31 March 2023				
Liabilities per Statement of Financial Position				
Lease liabilities		0	1,277	1,277
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	8,484	8,484
		0	9,761	9,761

- **19b. Financial Risk Factors**

- **Exposure to risk**

The NHS Board's activities expose it to a variety of financial risks:

- a) Credit risk—the possibility that other parties might fail to pay amounts due.
- b) Liquidity risk—the possibility that the NHS Board might not have funds available to meet its commitments to make payments.
- c) Market risk—the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.
- d) Because of the largely non-trading nature of its activities and the way in which government departments are financed, the NHS Board is not exposed to the degree of financial risk faced by business entities.

- **Credit Risk**

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the NHS Board.

The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting year and no losses are expected from non-performance by any counterparties in relation to deposits.

- **Liquidity Risk**

The Scottish Parliament makes provision for the use of resources by the NHS Board for revenue and capital purposes in a Budget Act for each financial year. Resources and accruing resources may be used only for the purposes specified and up to the amounts specified and up to the amounts specified in the Budget Act. The Act also specifies an overall cash authorisation to operate for the financial year. The NHS Board is not therefore exposed to significant liquidity risks. All liabilities are due within one year.

- **Market Risk**

The NHS Board has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the NHS Board in undertaking its activities.

- a) Cash flow and fair value interest rate risk

The NHS Board has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.

b) Foreign Currency Risk

The NHS Board is not exposed to foreign currency price risk.

- **Price risk**

The NHS Board is not exposed to equity security price risk.

- **19c. Fair value estimation**

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivative) is determined using valuation techniques.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current HM Treasury interest rate that is available for similar financial instruments.

Note 20—Related Party Transactions

The Scottish Government (SG) has significant influence over NHS Shetland and provides most of its funding. Core revenue funding received from SG in 2023–24 was £79.418m (2022–23, £78.458m).

The Board had transactions with other government departments and other central government bodies during the year. These transactions were mainly with HM Revenue and Customs, SPPA ([Note 18](#)) and other Health Boards. NHS Shetland had material transactions with NHS Grampian during 2023–24.

NHS Shetland's current Chief Executive Brian Chittick was the DCHSC and also the Chief Officer of the Shetland IJB until 30 June 2023. He became NHS Shetland's Chief Executive from 01 July 2023.

NHS Shetland's former Chief Executive Michael Dickson was also the Chief Executive of NHS Orkney (NHSO) during 2022–23 and early 2023–24. This interim arrangement came to an end on 02 April 2023. Mr Dickson remained CEO of NHS Shetland until he left the role in June 2023.

Gary Robinson and Emma Macdonald were members of the Board and elected members of SIC during 2023–24.

Gary Robinson was also a Non-Executive Director of Lerwick Port Authority (LPA) during 2023–24.

- **Related Party Transactions**

	2023–24 (£m)			
Related party	Due to	Due from	Income from	Expenditure with
NHSO	0.023	0.122	0.252	0.096
NHSG	1.386	0.096	0.282	9.956
SIC	0.075	0.476	3.958	5.112
LPA	0	0	0.003	0.029
	Prior year 2022–23 (£m)			
Related party	Due to	Due from	Income from	Expenditure with
NHSO	0.044	0.101	0.424	0.095
NHSG	2.032	0.078	0.167	8.949
SIC	1.169	2.734	3.738	6.855
LPA	0	0	0.001	0.475

The Board has Endowment Funds that are managed by Trustees who are also directors of the Board. The total funds held in Endowments at 31 March 2024 were £3.111m (2022–23, £3.018m). As disclosed in [Note 10](#), £1.507m (2022–23, £1.437m) of the Endowment Fund is held in investments. These investments are managed by [Evelyn Partners services for charities](#).

The Board had material transactions with the IJB during 2023–24 as detailed in [Note 3](#) and [Note 4](#) of the accounts. Directors of the Board who were also voting members of the IJB during 2023–24 were Natasha Cornick, Lincoln Carroll and Kathy Hubbard.

SIC and IJB share the same postal address for correspondence, at 8 North Ness Business Park, Lerwick, Shetland, ZE1 0LZ.

The [Board Members' declarations of interest](#) are publicly available on NHS Shetland's website, or can be viewed in person at the Board's Headquarters in Lerwick. The Endowment Fund shares this same [postal address](#) and [website](#).

Note 21—Consolidation of Subsidiaries and Disclosure of Interest in Associates and Joint Ventures

- 21a. Consolidated statement of comprehensive net expenditure

Consolidated			Board	Endowment	Shetland IJB	Consolidated
2023			2024	2024	2024	2024
£000		Note	£000	£000	£000	£000
	Total income and expenditure					
49,996	Employee expenditure	3a	49,386	0	0	49,386
	Other operating expenditure	3b				
3,442	Independent Primary Care Services		3,439	0	0	3,439
9,547	Drugs and medical supplies		11,162	0	0	11,162
62,427	Other health care expenditure		62,001	108	0	62,109
125,412	Gross expenditure for the year		125,988	108	0	126,096
(42,363)	Less: operating income	4	(41,680)	(131)	0	(41,811)

Consolidated			Board	Endowment	Shetland IJB	Consolidated
2023			2024	2024	2024	2024
£000		Note	£000	£000	£000	£000
1,386	Associates and joint ventures accounted for on an equity basis		0	0	292	292
84,435	Net Expenditure		84,308	(23)	292	84,577

• 21b. Consolidated statement of financial position (SoFP)

Consolidated			Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
2023			2024	2024	2024	2024	2024
£000		Note	£000	£000	£000	£000	£000
	Non-current assets:						
35,306	Property, plant and equipment		36,256	0	0	0	36,256
1,428	Right of Use assets		1,326	0	0	0	1,326
	Financial assets:	SoFP					
1,437	Investments		0	1,507			1,507
772	Investments in associates and joint ventures	SoFP	0	0	772	(292)	480
38,943	Total non-current assets	SoFP	37,582	1,507	772	(292)	39,569
	Current assets:						
641	Inventories		751	0	0	0	751
5,563	Trade and other receivables	SoFP	3,726	45	0	0	3,771
1,759	Cash and cash equivalents	SoFP	153	1,618	0	0	1,771

Consolidated			Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
2023			2024	2024	2024	2024	2024
£000		Note	£000	£000	£000	£000	£000
150	Asset held for sale	7b	150	0	0	0	150
8,113	Total current assets		4,780	1,663	0	0	6,443
47,056	Total assets		42,362	3,170	772	(292)	46,012
	Current liabilities:						
(562)	Provisions	SoFP	(617)	0	0	0	(617)
	Financial liabilities:						
(12,881)	Trade and other payables	SoFP	(9,643)	(59)	0	0	(9,702)
(13,443)	Total current liabilities		(10,260)	(59)	0	0	(10,319)
33,613	Non-current assets plus/less net current assets/liabilities		32,102	3,111	772	(292)	35,693
	Non-current liabilities						
(1,539)	Provisions	SoFP	(1,564)	0	0	0	(1,564)
	Financial liabilities:						
(1,277)	Trade and other payables	SoFP	(1,198)	0	0	0	(1,198)

Consolidated			Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
2023			2024	2024	2024	2024	2024
£000		Note	£000	£000	£000	£000	£000
(2,816)	Total non-current liabilities		(2,762)	0	0	0	(2,762)
30,797	Assets less liabilities		29,340	3,111	772	(292)	32,931
	Taxpayers' Equity						
13,002	General fund	SoFP	15,146	0	0	0	15,146
14,005	Revaluation reserve	SoFP	14,194	0	0	0	14,194
772	Other reserves—joint venture	SoFP	0	0	772	(292)	480
3,018	Funds Held on Trust	SoFP	0	3,111	0	0	3,111
30,797	Total taxpayers' equity		29,340	3,111	772	(292)	32,931

- Consolidated statement of financial position continued—Prior Year

Prior Year		Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
		2023	2023	2023	2023	2023
	Note	£000	£000	£000	£000	£000
Non-current assets:						
Property, plant and equipment		35,306	0	0	0	35,306
Right of Use assets		1,428	0	0	0	1,428
Financial assets:	SoFP			0	0	
Investments		0	1,437	0	0	1,437
Investments in associates and joint ventures	SoFP	0	0	2,158	(1,386)	772
Total non-current assets	SoFP	36,734	1,437	2,158	(1,386)	38,943
Current assets:						
Inventories		641	0	0	0	641
Trade and other receivables	SoFP	5,553	10	0	0	5,563
Cash and cash equivalents	SoFP	176	1,583	0	0	1,759

Prior Year		Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
		2023	2023	2023	2023	2023
	Note	£000	£000	£000	£000	£000
Asset held for sale		150	0	0	0	150
Total current assets		6,520	1,593	0	0	8,113
Total assets		43,254	3,030	2,158	(1,386)	47,056
Current liabilities:						
Provisions	SoFP	(562)	0	0	0	(562)
Financial liabilities:						
Trade and other payables	SoFP	(12,869)	(12)	0	0	(12,881)
Total current liabilities		(13,341)	(12)	0	0	(13,443)
Non-current assets plus/less net current assets/liabilities		29,823	3,018	2,158	(1,386)	33,613
Non-current liabilities						
Provisions	SoFP	(1,539)	0	0	0	(1,539)
Financial liabilities:						
Trade and other payables	SoFP	(1,277)	0	0	0	(1,277)

Prior Year		Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
		2023	2023	2023	2023	2023
	Note	£000	£000	£000	£000	£000
Total non-current liabilities		(2,816)	0	0	0	(2,816)
Assets less liabilities		27,007	3,018	2,158	(1,386)	30,797
Taxpayers' Equity						
General fund	SoFP	13,002	0	0	0	13,002
Revaluation reserve	SoFP	14,005	0	0	0	14,005
Other reserves—joint venture	SoFP	0	0	2,158	(1,386)	772
Funds Held on Trust	SoFP	0	3,018	0	0	3,018
Total taxpayers' equity		27,007	3,018	2,158	(1,386)	30,797

• 21c. Consolidated Statement Of Cash Flows

Consolidated		Board	Endowment	Intra Group Adjustment	Shetland IJB	Consolidated
2023		2024	2024	2024	2024	2024
£000		£000	£000	£000	£000	£000
	Cash flow from operating activities					
(84,435)	Net operating expenditure	(84,308)	23	0	(292)	(84,577)
4,006	Adjustments for non-cash transactions	2,803	0	0	292	3,095
0	Add back: interest payable	52	0	0	0	52
39	Investment income	0	64	0	0	64
(6,860)	Movements in working capital	(1,399)	73	0	0	(1,326)
(87,250)	Net cash outflow from operating activities	(82,852)	160	0	0	(82,692)
(1,680)	Purchase of plant and equipment	(1,647)	0	0	0	(1,647)
(134)	Investment additions	0	(127)	0	0	(127)
0	Donated asset additions	(500)	0	0	0	(500)
97	Receipts from sale of investments	0	66	0	0	66

Consolidated		Board	Endowment	Intra Group Adjustment	Shetland IJB	Consolidated
2023		2024	2024	2024	2024	2024
£000		£000	£000	£000	£000	£000
(39)	Interest received	0	(64)	0	0	(64)
(1,756)	Net cash outflow from investing activities	(2,147)	(125)	0	0	(2,272)
	Cash flows from financing activities					
89,728	Funding	85,747	0	0	0	85,747
(14)	Movement in general fund working capital	(23)	0	0	0	(23)
89,714	Cash drawn down	85,724	0	0	0	85,724
0	Capital element of payments in respect of leases	(696)	0	0	0	(696)
0	Interest element of leases	(52)	0	0	0	(52)
(755)	IFRS16—2023–24 cash lease payment	0	0	0	0	0
88,959	Net Financing	84,976				84,976

Consolidated		Board	Endowment	Intra Group Adjustment	Shetland IJB	Consolidated
2023		2024	2024	2024	2024	2024
£000		£000	£000	£000	£000	£000
(47)	Net increase in cash and cash equivalents in the year	(23)	35	0	0	12
1,806	Cash and cash equivalents at the beginning of the year	176	1,583	0	0	1,759
1,759	Cash and cash equivalents at the end of the year	153	1,618	0	0	1,771
	Reconciliation of net cash flow to movement in net cash					
(47)	Increase / (decrease) in cash in year	(23)	35	0	0	12
1,806	Net cash at 1 April	176	1,583	0	0	1,759
1,759	Net cash at 31 March	153	1,618	0	0	1,771

- Consolidated Statement Of Cash Flows—Prior Year

Prior Year	Board	Endowment	Intra Group Adjustment	Shetland IJB	Consolidated
	2023	2023	2023	2023	2023
	£000	£000	£000	£000	£000
Cash flow from operating activities					
Net operating expenditure	(83,035)	(14)	0	(1,386)	(84,435)
Adjustments for non-cash transactions	2,620	0	0	1,386	4,006
Investment income	0	39	0	0	39
Movements in working capital	(6,878)	18	0	0	(6,860)
Net cash outflow from operating activities	(87,293)	43	0	0	(87,250)
Purchase of plant and equipment	(1,680)	0	0	0	(1,680)
Investment additions	0	(134)	0	0	(134)
Proceeds of disposal of property, plant and equipment	0	0	0	0	0
Receipts from sale of investments	0	97	0	0	97
Interest received	0	(39)	0	0	(39)
Net cash outflow from investing activities	(1,680)	(76)	0	0	(1,756)
Cash flows from financing activities					
Funding	89,728	0	0	0	89,728

Prior Year	Board	Endowment	Intra Group Adjustment	Shetland IJB	Consolidated
	2023	2023	2023	2023	2023
	£000	£000	£000	£000	£000
Movement in general fund working capital	(14)	0	0	0	(14)
Cash drawn down	89,714	0	0	0	89,714
IFRS 16—2022–23 cash lease payment	(755)	0	0	0	(755)
Net Financing	88,959	0	0	0	88,959
Net increase in cash and cash equivalents in the year	(14)	(33)	0	0	(47)
Cash and cash equivalents at the beginning of the year	190	1,616	0	0	1,806
Cash and cash equivalents at the end of the year	176	1,583	0	0	1,759
Reconciliation of net cash flow to movement in net cash					
Increase / (decrease) in cash in year	(14)	(33)	0	0	(47)
Net cash at 1 April	190	1,616	0	0	1,806
Net cash at 31 March	176	1,583	0	0	1,759

Glossary of commonly abbreviated terms and acronyms, as well as local terms, in the report

Acronym	Narrative Explanation
A&E	Accident and Emergency Department
AME	Annually managed expenditure (a type of non-core funding allocation received by Boards)
ADP	Annual Delivery Plan, replaced Local Delivery Plan
APF	Area Partnership Forum
ASC	Autism Spectrum Condition
BCG	Bacille Calmette-Guerin vaccination
CAMHS	Child and Adolescent Mental Health Services
C. Diff	Clostridium difficile, also known as C. difficile , is a bacterium that can infect the bowel and cause diarrhoea. The infection most commonly affects people who have recently been treated with antibiotics, but can spread easily to others.
CEO	Chief Executive Officer
CFS	NHS Scotland Counter Fraud Services, when used in reference to fraud
CFS	Consolidated Statement Of Cash Flows, when referenced in the financial notes
CGC	Clinical Governance Committee
CNORIS	Clinical Negligence and Other Risks Indemnity Scheme
CRL	Capital Resource Limit
DCHSC	Director of Community Health and Social Care
DPO	Data Protection Officer
EU	European Union
FReM	Government Financial Reporting Manual
FPC	Finance and Performance Committee
GP	General Practitioner
HAI	Healthcare Associated Infection
HIS	Healthcare Improvement Scotland

Acronym	Narrative Explanation
HPV	Human papilloma virus
ICO	Information Commissioner's Office
IJB	Shetland Islands Health and Social Care Partnership also referred to as Integration Joint Board
IG	Information Governance
IT	Information Technology
IFRSs	International Financial Reporting Standards
ISAs	International Standards on Auditing
JSCP	Joint Strategic Commissioning Plan
KPIs	Key Performance Indicators
MMR	Measles, mumps, and rubella vaccination
MRI scanner	Magnetic resonance imaging scanner
NEST	National Employment Savings Trust
NHS	National Health Service
NHS Performs	Website on NHS Scotland information that is produced by NHS National Services Scotland
NHS Shetland	Shetland Health Board
NSS	National Services Scotland
OSCR	Office of the Scottish Charity Regulator
PIA	Programme Initial Agreement
PPE	Personal Protective Equipment
RICS	Royal Institution of Chartered Surveyors
RMG	Risk Management Group
RRL	Revenue Resource limit
RTT	Referral to Treatment Target
SoCNE	Statement of Consolidated Comprehensive Net Expenditure
SoCTE	Statement of Changes in Taxpayers' Equity
SoFP	Consolidated Statement of Financial Position
SGHSCD	Scottish Government Health and Social Care Directorate
SoRO	Summary of Resource Out-turn

Acronym	Narrative Explanation
SIC	Shetland Islands Council
SIRO	Senior Information Risk Owner
SPFM	Scottish Public Finance Manual
tCO2e	Tonnes of carbon dioxide equivalent
VAT	Value Added Tax
WTE	Whole time equivalent value for NHS staff

Direction by the Scottish Ministers

DIRECTIONS BY THE SCOTTISH MINISTERS

The Scottish Ministers, in exercise of their functions under section 86(1) and (3) of the National Health Service (Scotland) Act 1978, in relation to the functions of Health Boards in that section which apply to NHS Shetland by virtue of that Act, and all other powers enabling them to do so, hereby DIRECT that:

1. NHS Shetland must prepare a statement of accounts for each financial year in accordance with the accounting principles and disclosure requirements set out in the edition of the Government Financial Reporting Manual which is applicable for the financial year for which the statement of accounts is prepared.
2. In preparing a statement of accounts in accordance with paragraph 1, NHS Shetland must use the NHS Shetland Annual Accounts template which is applicable for the financial year for which the statement of accounts is prepared.
3. In preparing a statement of accounts in accordance with paragraph 1, NHS Shetland must adhere to any supplementary accounting requirements set out in the following documents which are applicable for the financial year for which the statement of accounts is prepared –
 - (a) The NHS Scotland Capital Accounting Manual,
 - (b) The Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns, and
 - (c) The Scottish Public Finance Manual.
4. A statement of accounts prepared by NHS Shetland in accordance with paragraphs 1, 2 and 3, must give a true and fair view of the income and expenditure and cash flows for that financial year, and of the state of affairs as at the end of the financial year.
5. NHS Shetland must attach these directions as an appendix to the statement of accounts which it prepares for each financial year.
6. In these Directions –

“financial year” has the same meaning as that given by Schedule 1 of the Interpretation Act 1978,

“Government Financial Reporting Manual” means the technical accounting guide for the preparation of financial statements issued by HM Treasury,

“Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns” means the guidance on preparing annual accounts issued to Health Boards by the Scottish Ministers,

“NHS Act 1978” means the National Health Service (Scotland) Act 1978 (c. 29),

“NHS Scotland Capital Accounting Manual” means the guidance on the application of accounting standards and practice to capital accounting transactions in the NHS issued by the Scottish Ministers,

NHS Shetland is a Health Board established under section 2(1) of the National Health Service (Scotland) Act 1978

“NHS Shetland Annual Accounts template” means the Excel spreadsheet issued to NHS Shetland by the Scottish Ministers as a template for their statement of accounts, and

“Scottish Public Finance Manual” means the guidance on proper handling and reporting of public funds issued by the Scottish Ministers.

7. Any expressions or definitions, where relevant and unless otherwise specified, take the meaning which they have in section 108 of the NHS Act 1978.
8. This Direction will come into force on the day after the day on which it is signed.
9. This Direction will remain in force until such time that it is varied, amended or revoked by a further Direction of the Scottish Ministers under section 86 of the NHS Act 1978.



Signed by the authority of the Scottish Ministers

Dated 22 March 2022